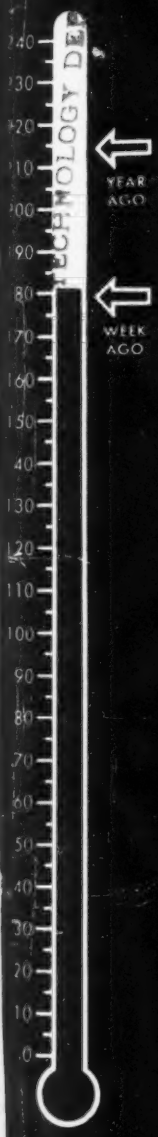
BUSINESS WEEK

JULY 27, 1946





Ralph T. Reed of American Express: Out of war's shadow into the sunshine of peacetime tourist business (page 8)

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WASHINGTON BULLETIN

OPA'S FIRST MOVES

Wednesday was payday at the OPA and, with money in their pockets, the price controllers were waiting only for President Truman's signature on the extension bill to pick up where they left off June 30. Under the bill, all prices roll back automatically to their June ceilings, with the exception of certain food and feed products that are out from under at least until Aug. 20.

The agency is ready, however, to issue ceiling increase and suspension orders which were in the works when it ran out of law. Ceilings will be suspended on practically all capital goods and on many minor products. Price increases are coming on a wide range of building materials, paper products, and consumer goods.

Within 30 days the OPA is to wipe out all orders requiring dealers to absorb producer cost increases which it has put in since last March.

Called a Workable Bill

Meanwhile, OPA will have to start work on a flood of requests from industry for price increases under the new ceiling height formulas set up for industrial products (page 18). This is a lot of administrative work but OPA officials say that Congress has, at least, written a workable bill, and that the agency is in better shape than you'd think to handle the work load. As to enforcement of controls, price officials admit that during a rollback period, their policemen would have their hands full but, on the long haul, enforcement would continue to be a constantly diminishing job as more and more goods were decontrolled.

The bill that Truman got on the second round has more price control in it for industrial products than the first one. It leaves the door wide open on food and feed products but the Decontrol Board and the Dept. of Agriculture can close the door as far as they want to.

Wide Range of Discretion

OPA officials think that the Barkley compromise formulas on industrial prices (unlike the vetoed Taft amendment) would not raise prices very far or very fast. One big difference is the use of the 1940 profit base instead of the high profit year 1941. The agency can disregard unapproved wage increases. It can make producers absorb many temporary reconversion costs. Historical profits don't have to be provided for industries already at full production. And prices can be based on industry average profits rather than the profits of an individual producer.

All through the bill OPA has considerable discretion in setting up "average" values for costs and profits, and there's a lot of price control in those averages.

On agricultural products the discretion doesn't lie with the price agency. Beginning Sept. 1, Secretary Anderson can decontrol anything anytime by failing to certify it as in short supply.

A crucial factor in this whole price control pattern is the membership of the three-man Decontrol Board. The board must make the decision on control or decontrol of oil and the major farm products listed in the bill. On all other farm products it passes on appeals from Secretary Anderson's decisions, and on all industrial products on appeals from OPA. Its say is final.

•

EXPORT BRIDLE READY

No uprush of exports has appeared, but the Civilian Production Administration is keeping a wary eye out for one in the event that permanent removal of price ceilings permits avid foreign buyers to bid goods away from the domestic market. Any time CPA's daily customhouse checks show such a trend, it will slap on a temporary order limiting exports of specific items to some percentage of a recent month.

Then, as quickly as it can, it will substitute a licensing program on major products and establish individual export quotas.

•

CAFFREY WELL RECEIVED

Wall Street should not have much trouble living with James J. Caffrey, the new chairman of the Securities & Exchange Commission. Caffrey, whose promotion to chairman has been in the cards since Ganson Purcell resigned a month ago (BW—Jun.29'46,p15), worked his way up through the SEC ranks. As regional administrator in New York, he got along well with the Street. On several occasions since his appointment to the commission, he has served as mediator between the SEC staff and the securities dealers.

•

NEW HOUSING GOAL

Housing officials are not disturbed by the failure of construction starts in June to surpass the May record of 91,000 starts. They planned it that way. Approvals of priority applications were cut sharply last May in an effort to bring the construction program more into line with the available supply of materials.

With a record of nearly a half million starts in the first six months of 1946 (page 15), officials are confident that they can come close to the 1,200,000-unit goal for the year. On July 1 they had passed the half-way mark toward the original goal of 650,000 permanent conventional houses. However, this goal has now been stepped up to 738,000 houses in order to compensate for the failure of the prefabrication program.

•

REVOLT BLOCKS TIN DEAL

The Bolivian revolt has upset plans for resumption of tin imports from that country. Just last week RFC had completed "agreements in principle" with producers outside the Patino combine, which is sewed up to England. RFC officials are worried, don't know where things stand. Their efforts to increase the flow of the scarce metal to this country have been dogged for months by political troubles in Siam and the Dutch East Indies.

Contracts with the Belgian Congo expire June 30, and officials are pessimistic about their renewal.

•

ATOMIC ENERGY POLITICS

With a conference committee still trying to thrash out the differences between the Senate bill for a civilian commission to have full control of atomic energy and a House version which would give the military a place on the commission and permit the Army to manufacture fissionable material and bombs, maneuvering has already started in Washington over the membership of the commission.

One proposal which has gained support at cabinet levels is to pick up whole the membership of the State Dept. subcommittee which drafted the basic portions of the U. S. plan for international control of the atom. This would mean David Lilienthal of TVA, J. R. Oppenheimer, a physicist connected with the bomb project from the start, Chester I. Barnard of New Jersey Bell Telephone, Charles A. Thomas of Monsanto Chemical, and Harry A. Winne of General Electric.

Lilienthal and Oppenheimer are likely candidates whether this slate is adopted or not, while Winne's chances

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are weakened by his connection with G. E., which is a key firm in the atom industry.

•

NEW BEAT FOR FTC

An unexpected scepter was handed to the Federal Trade Commission when Congress finished work on the Lanham trademark law (BW—Jul.20'46,p80). Rather than heeding the Dept. of Justice proposal to give "any government agency" the authority to apply for cancellation of collective or certification trademarks, the Senate-House conferees gave to FTC the power to apply for cancellation of any and all marks under a long list of specified conditions.

The commission, like many of its friends (and enemies), is reported to have been unaware that it was getting what the Justice Dept. had long sought.

As the new policeman of trademarks, FTC has a clear mandate to supervise "seals of acceptance," "seals of quality," or other designations used to identify products or services of more than one producer. It may apply for cancellation whenever the registrant of such a mark does not exercise "legitimate control" over its use, or discriminates in refusing to certify goods or services of any person who will maintain the standards or conditions which the mark signifies.

FTC also is empowered to apply to the Patent Office for cancellation of any mark which "becomes the common or descriptive name of an article or substance on which the patent has expired."

FTC's extensive trademark mandate also covers the field of marks obtained fraudulently or contrary to the general prohibitions against registry of marks containing immoral, scandalous, or deceptive matter, or which appropriate national symbols, or disparage institutions and beliefs, or suggest false connections with persons and institutions.

•

CHANGE OF STRATEGY

Latest possibility in the Justice Dept.'s Mother Hubbard oil suit is a reincubation of the government's case to bring forth a whole flock of new suits detailing the oil industry's alleged violations of the antitrust laws. Following this week's flurry of interrogatories, answers, and motions of one kind and another, government lawyers think it might be good strategy to discard the over-all conspiracy charge and call their shots.

The suit dates back to September, 1940 (BW—Oct.5'40,p8), when Trust Buster Thurman Arnold won President Roosevelt's permission to file charges against the American Petroleum Institute and several hundred oil companies despite objections by national defense agencies. Arnold's original purpose was to force integrated oil companies to divest themselves of pipeline and marketing facilities. Many pages of detailed charges looking toward this result were dropped after intervention by the National Defense Advisory Commission, and Arnold contented himself with filing 69 charges, the most important of which was that each of 22 integrated companies possessed power to stifle competition by independents.

Surviving defendants in the case include some 251 companies (more or less). Nearly 200 of these, including the Sun Oil Co. of Philadelphia, complained this week that the Justice Dept.'s charges are obscure and asked clarification. Department lawyers' threat to drop the blanket suit in favor of individual charges stimulated talk of a settlement by consent decree—an outcome that has been rumored at least twice annually for the last five years.

But nothing will happen immediately. The lawyers are vacation-bound, and the District of Columbia federal district court usually gives everybody plenty of time to turn around in.

•

BANK UNION POSER

Wagner Act status of workers in quasipublic organizations, the borderline group between exempt government employees and covered private employees, can become an increasingly troublesome issue as the number of such government-sponsored organizations increases. The National Labor Relations Board now faces the tricky problem of Federal Reserve Bank employees. The A.F.L. Office Workers Union has asked for certification as bargaining agent for employees of the Federal Reserve Bank of Dallas in the first case of its kind.

This is the somewhat ironic case of a famous fiction biting the hand that created it. When the Federal Reserve System was set up, it was dressed in the garments of private ownership to get around the long-standing American prejudice against a government bank, which goes back to Andrew Jackson and his fight with the Bank of the United States. Although the Federal Reserve banks are in fact government institutions, technically they are owned by the member banks which hold "stock" in them. The A.F.L. insists that this makes them private institutions and leaves a clear field for unionization.

While the case pends, finance men are enjoying a shiver over what would happen if the Federal Reserves were ever closed by a strike—speculating about how the Treasury would do its banking, what the private banks would do for cash, and what would happen to prices of government securities without the market-stabilizing operations of the Federal Reserve banks.

•

COPOLYMER PLANT SOLD

War Assets Administration's $4,250,000 sale of the Louisville copolymer plant for making general purpose synthetic rubber to B. F. Goodrich, the wartime operator, is the first move in the Batt committee program for disposing of the government's "fringe" high-cost plants (BW—Jun.22'46,p18).

The plant will continue to make GR-S while the present shortage lasts, but it's too far from its butadiene supply to be economical on a commercial basis. Expectation is that Goodrich will eventually convert the plant to manufacture of Koroseal or of GR-A rubber—a special-purpose oil-resistant synthetic in which Goodrich has long been interested through Hycar Corp.

•

CAPITAL GAINS (AND LOSSES)

The Mead war contracts investigating committee is scheduled to look into Treasury Dept. purchases for lend-lease.

CPA had its fingers crossed when it continued until Oct. 1 the ban on equipping new cars with a spare tire. There's nothing to prevent a buyer's shopping for one, but CPA hopes he will be satisfied with a recap.

Assumed early possibility of commercial power from uranium fission, perhaps doubling the world's visible energy resources, will be used increasingly as an argument against fuel conservation measures. The natural gas industry, faced with contentions that gas reserves are only good for 35-50 years, has already submitted to the Federal Power Commission a brief talking up the possibilities of atomic power.

Selective Service has cut from 32 months to 24 months the time a man must spend in the merchant marine to rate draft exemption when he quits. Next October the time will probably be cut to 18 months, the period now set by the Army.

The independent tire dealers' drive to force manufacturers out of retailing has bogged down until next year as a result of a Senate Banking Committee decision. The committee agreed to

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postpone action on legislation requiring that all tires for the replacement trade be sold only through independent dealers, mail-order houses that sell at the same price, and farm co-ops.

Lame duck Sen. Burton K. Wheeler says he doesn't want the job as chairman of the Federal Communications Commission. In view of President Truman's support of Wheeler in the Montana primaries, it was assumed on Capitol Hill that Truman would offer him the post if he'd take it.

•

THE COVER

G.I.'s took it as a matter of course that, on their last leaves in Europe after the war, it was American Express that offered them conducted tours in Switzerland or to the Scottish lake country.

Similarly, the public at home registered little surprise when American Express offered the first postwar cruises—a series of three-week holidays to the Caribbean with stops in the glamour ports of the West Indies.

Ralph T. Reed, thoroughly practical head of one of the country's most romantic businesses, saw to it that American Express offered its wealth of travel, shipping, and banking experience to the government during the war, but prepared to move back into its own business as soon as conditions allowed.

That time is returning rapidly and the company's activities are already stretching back to old outposts—Hong Kong, Cairo, Interlaken, Paris, and Canterbury.

But it is domestic business—catering to the inherent wanderlust and varied travel whims of the vast American public—that now occupies much of Reed's attention. The company has already provided more than 10,000 "packaged" (all-expense, escorted) tours for those who want to see America first.

Reed's duties are not confined to travel activities. American Express, beyond being one of the world's largest travel agencies, does an enormous business in the transmission of funds to all parts of the world and—as an outgrowth of special wartime operations—is now importantly engaged in the forwarding and warehousing of goods throughout the globe.

Its president, a native of Philadelphia and graduate of the University of Pennsylvania, was elected to that office in January, 1944, after 23 years with the company, starting as assistant comptroller. As might be expected, he is an ardent world traveler.

•

The Pictures—Leo Rosenthal, Pix—15; Acme—17, 24, 39, 87; Wide World—17, 22, 96, 106; Ritchie Studio—20.

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THE OUTLOOK

BUSINESS WEEK
JULY 27, 1946

Inflation may possibly be held in check by the OPA bill that Congress came up with this week. That would allow some time—although perhaps not enough—to erect some new and more fundamental barriers.

First off, we need federal economy—not merely a balanced budget but a surplus; we need it now, not next year. This would permit:

(1) Elimination of deficit spending which adds to the already over-abundant money supply, thus fanning the fires of inflation.

(2) Reduction of credit supplies by retiring government bonds held by the banks.

(3) Less government competition with industry for goods and manpower.

Real fiscal reforms are the best long-range inflation control. Yet they tend to take hold slowly—and we may already be too late.

•

Tax revenues are exceeding earlier expectations due to high incomes, but a balanced budget still is not in sight.

Latest estimates for outgo in the fiscal year just started are even higher than the "nearly $40 billion" reported in this space July 13. Receipts have been revised upward very sharply, but they still fall nearly a billion short of making ends meet.

Thus, reported White House plans to delay nonessential public works are indeed welcome. Nevertheless, this move is inadequate by itself because estimates call for little more than a billion for such projects.

At best, only a part of this program will be postponed. Political considerations make it hard to clamp down on roads, and rivers and harbors.

•

Estimated requirements for the armed forces are unbalancing the budget more than any of the other expenditures.

Axes are being sharpened. More than one agency chief in Washington would need little encouragement to strike out at Army-Navy costs.

The services are accused of pushing construction at the expense of the veterans' housing program, of scrambling for munitions when the materials might better be used getting civilian output over the hump.

•

Our Army and Navy may not be trying to intimidate Russia by asking more and more money, but you can bet they are talking the Red menace at the White House and in Congress as they ask bigger appropriations.

•

Price controls from now on will be poor things at best.

Too many items have been removed from price controls. Many others will have to retain the markups that have been added since June 30. Still others that haven't advanced are entitled to price increases.

One man's selling price is another man's cost. And this cost-price squeeze before long will require another round of finished-goods boosts.

OPA's one hope is that it can restrict the price rises enough so that labor won't be striking by October for cost-of-living wage rises.

But the cost-of-living index for July will be up sharply, reflecting price rises (1) to match former black market charges, (2) to replace subsidies no longer paid, and (3) to reflect overdue finished-goods markups.

•

Some 54% of the families with incomes under $1,000 in 1945 have some liquid assets—government bonds, savings accounts, or checking

accounts. But here's a significant thing: They spent more than they made last year.

These are among the salient points made by the Federal Reserve Board in the second of three articles analyzing liquid asset holdings (page 112).

The first report (BW—Jun.29'46,p36), which ranked savers without reference to income, showed that the top 30% held 87% of all the liquid assets. But, in a breakdown by income groups, the top 30% with incomes over $3,000 in 1945 account for only 62% of all liquid assets.

"This," the board points out, "shows that, while income is obviously a major factor, it is not the only one giving rise to differences in asset holdings."

Families with lower incomes save when they can; some who make more, don't save. Thus, though 50% of our families control only 3% of the liquid assets, the 47% with incomes under $2,000 have 21% of the assets.

•

Higher silver prices called for in the new law (page 36) should be at once a blessing and a warning to many users of the white metal.

On the bright side, they may now tap the Treasury's silver hoard.

But, when autos are back in quantity to compete with fantastically priced costume jewelry and knicknacks, demand for silver will turn down.

The end of this boom may not be right around the next corner, but you don't need a telescope to see it.

•

Record grain crops forecast in the official midmonth estimate justify the optimism of those who follow the weather map (BW—Jul.13'46,p10).

The wheat crop now is pretty much beyond danger of a serious setback, corn could be hurt by a long drought, but the hybrid strains that now make up more than two-thirds of our acreage can take a lot.

Actually, soil moisture is such that even light rainfall will see corn through. And the season is early enough so that there is little fear of frosts and the soft corn that cut feed supplies for 1945-46.

•

Relaxation of restrictions on use of the bread grains can hardly be long delayed in view of the huge crop and lower relief requirements.

Bread and pastry now are getting 50,000,000 bu. less wheat than normal, 100,000,000 bu. less than we actually used in the 1944-45 crop year. This cutback can be ended at once.

Brewers last week were denied more grain; distillers will get the same brushoff this week end. But there will be beer once it is official that there is bread, not only for us but for the world.

There's one catch. The rye crop is woefully short, below last year's very low yield. It will go into bread, not whisky. And it is the only grain that may go back under price ceilings.

•

The bumper corn crop won't bring any real increase in meat supplies until well into next year.

Most corn won't be in cribs until well after snow flies in Iowa. And present indications are that livestock raisers will be working against adverse feed ratios until then. Hence no quick increase in herds.

But if meat demand holds up, there will be a lot of little pigs next spring. Cattle numbers will recover less rapidly, but those going to market next year will be heavier, better finished, tastier.

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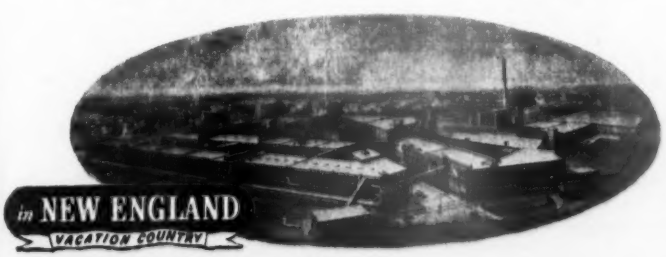
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A few of the reasons why Gas is preferred in the modern plant include: economy—reducing production costs in both unit and overall expenses; speed—Gas quickly attains desired heat and maintains that temperature; complete and accurate controllability—no other source of heat in the industrial plant lends itself to such easy and precise modulation as does Gas.

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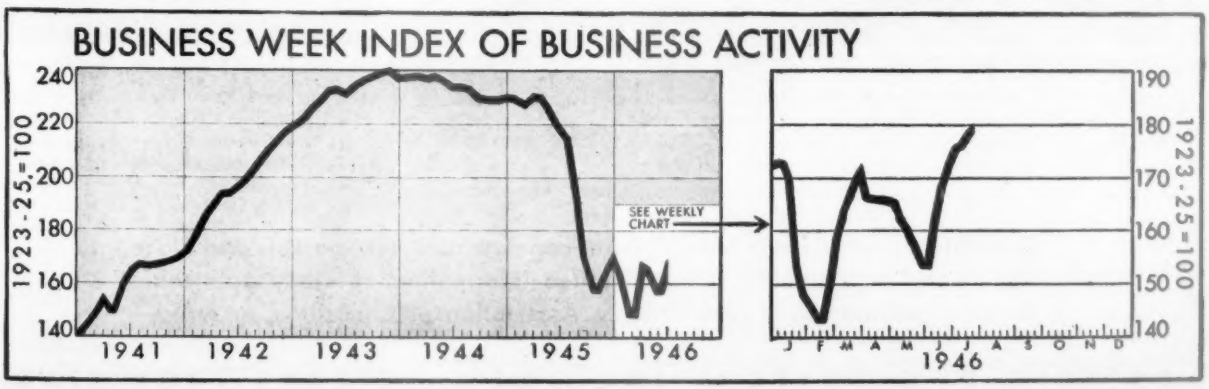
THE TREND IS TO GAS

FOR ALL INDUSTRIAL HEATING

FIGURES OF THE WEEK

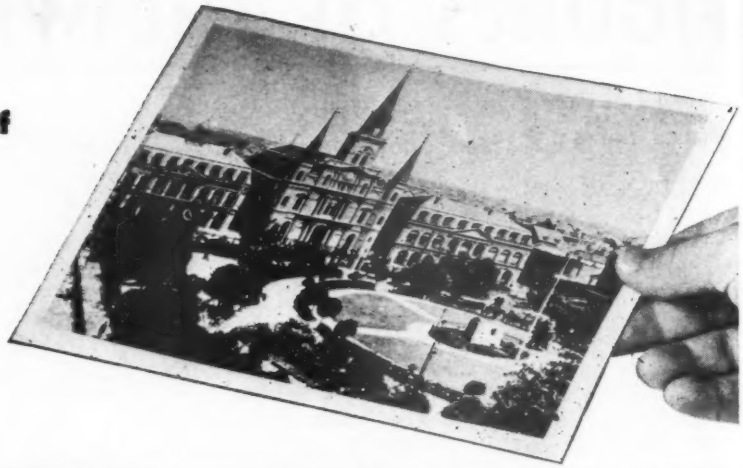
	§ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
THE INDEX (see chart below)	*180.5	†178.9	172.7	214.5	162.2
PRODUCTION					
Steel ingot operations (% of capacity)	89.3	87.9	87.2	90.7	97.3
Production of automobiles and trucks	78,995	†74,015	54,475	18,080	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	$23,712	$23,179	$23,145	$7,434	$19,433
Electric power output (million kilowatt-hours)	4,293	4,156	4,129	4,385	3,130
Crude oil (daily average, 1,000 bbls.)	4,937	4,934	4,950	4,944	3,842
Bituminous coal (daily average, 1,000 tons)	2,117	†1,886	2,067	1,988	1,685
TRADE					
Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	82	82	83	82	86
All other carloadings (daily average, 1,000 cars)	67	†63	62	65	52
Money in circulation (Wednesday series, millions)	$28,241	$28,335	$28,116	$26,901	$9,613
Department store sales (change from same week of preceding year)	+25%	+26%	+37%	+15%	+17%
Business failures (Dun & Bradstreet, number)	25	15	25	12	228
PRICES (Average for the week)					
Spot commodity index (Moody's, Dec. 31, 1931=100)	345.2	333.2	287.0	254.7	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)	214.3	†206.6	178.6	166.5	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	312.8	†307.6	255.3	226.6	146.6
Finished steel composite (Steel, ton)	$64.45	$64.45	$64.45	$58.27	$56.73
Scrap steel composite (Iron Age, ton)	$19.17	$19.17	$19.17	$19.17	$19.48
Copper (electrolytic, Connecticut Valley, lb.)	14.375¢	14.375¢	14.375¢	12.000¢	12.022¢
Wheat (Kansas City, bu.)	$1.99	$2.02	$1.86	$1.56	$0.99
Sugar (raw, delivered New York, lb.)	4.20¢	4.20¢	4.20¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.)	35.34¢	34.48¢	29.60¢	22.56¢	13.94¢
Wool tops (New York, lb.)	$1.448	$1.420	$1.330	$1.330	$1.281
Rubber (ribbed smoked sheets, New York, lb.)	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢
FINANCE					
90 stocks, price index (Standard & Poor's Corp.)	141.0	144.4	144.5	116.0	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.04%	3.03%	3.03%	3.26%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.49%	2.49%	2.49%	2.60%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	¾%	¾%	¾%	¾%	½–¾%
BANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	39,247	39,134	39,869	36,852	23,876
Total loans and investments, reporting member banks	60,869	60,615	62,505	63,994	28,191
Commercial and agricultural loans, reporting member banks	7,810	7,717	7,520	5,928	6,296
Securities loans, reporting member banks	3,617	3,994	4,033	4,990	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks	42,643	42,185	44,324	47,267	14,085
Other securities held, reporting member banks	3,465	3,406	3,378	3,192	3,710
Excess reserves, all member banks (Wednesday series)	880	720	550	1,048	5,290
Total federal reserve credit outstanding (Wednesday series)	23,895	24,019	23,454	22,170	2,265

* *Preliminary, week ended July 20th.* † *Revised.* § *Date for "Latest Week" on each series on request.*

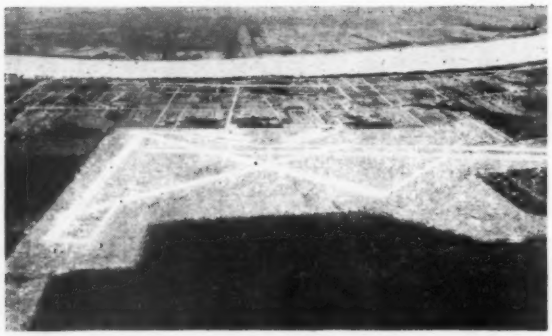


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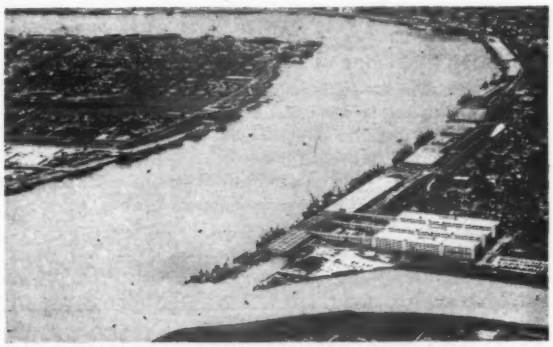
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BUSINESS WEEK

NUMBER 882
JULY 27, 1946

Housing Faces Rising Costs

With or without price control, another 15% to 20% rise is expected within six months. Houses will be built, but higher income groups—not the average veteran—will get them.

Wilson Wyatt's housing program has picked up enough momentum by now so that the death or debility of price control won't cut it down—not so far as getting houses built is concerned. What the tilting of the price lid will do is put the houses in the hands of a different group of buyers—a higher income group.

Without effective price control, housing officials expect the cost of house building—already up nearly 50% since 1939 and some 9% since January—to rise by another 15% to 20% in the next six months or so. Their belief that it will rise less than the cost of living is based on the assumption that much of the potential rise in house prices was put into effect before the lid was clamped on houses last year.

• **May Speed Construction**—In law, the housing expediter can still control the price of new houses; indeed, right now priority holders are bound to sell at the price stipulated when they received their allocation of materials. But there's no illusion in the housing agency that an attempt to hold the line on house prices, in the face of rising costs, would do anything but stop construction. Odds are that, if OPA goes, or revives in an ineffectual form, some sort of across the board percentage increase will be permitted in the prices specified in priority certificates.

The houses will get built. It's possible they'll get built faster. Removal of price ceilings this month has brought out some hoarded materials, and higher prices may result in higher output. Housing officials, naturally, don't think so, or at least don't admit it. They believe that the 100-odd price increases already granted, plus the subsidy program, had already put production of just about all materials on a profitable basis.

• **Beyond the Veterans' Reach**—Even though production of materials should rise faster in a free market than under controls, it's doubtful that housing would get much of the benefit. Without ceilings, builders of commercial and industrial properties are free to bid up prices to levels that house-builders can't match. The house-builder's priority only gives him the right to meet the other fellow's price.

Houses are already priced above what most surveys indicate the bulk of veterans can pay, and a further rise will put them well out of the average veteran's reach. This is likely to mean strong pressure next year for something like the Wagner-Ellender-Taft bill to fill in the gap with its provisions for directly subsidized housing.

• **Materials Allocated**—This year's housing program is another story. Although the government itself is relocating or building some 200,000 temporary houses, the main body of it isn't really a housing program at all. It's a materials-allocation program. Wyatt's job is to see that a substantial chunk of the available building materials is routed into privately built, relatively low-cost houses which will be sold or rented to veterans. And he does what he can to increase the supply of building materials by price adjustments, subsidies, raw-material allocations.



HOST AT PARIS

Honorary chairman of the Paris peace conference, opening July 29, will be Georges Bidault. Though presiding as president of the host nation, Bidault has other qualifications for the post: As Foreign Minister he often played a mediatory role between the Soviet Union and the western powers in Big Four treaty discussions.

At the same time, through the Civilian Production Administration, he limits the number of nonhousing construction jobs which may be started, thus reducing the competition for materials. This month, the amount of nonhousing construction done is less than the amount of residential.

• **Too Many Priorities**—The basic Wyatt operation is to set aside a percentage—anywhere from 40 to 100—of each month's production of materials, to be sold only on priority orders. Then he grants priority rights to any housebuilder who will agree to sell or rent to veterans at a specified price.

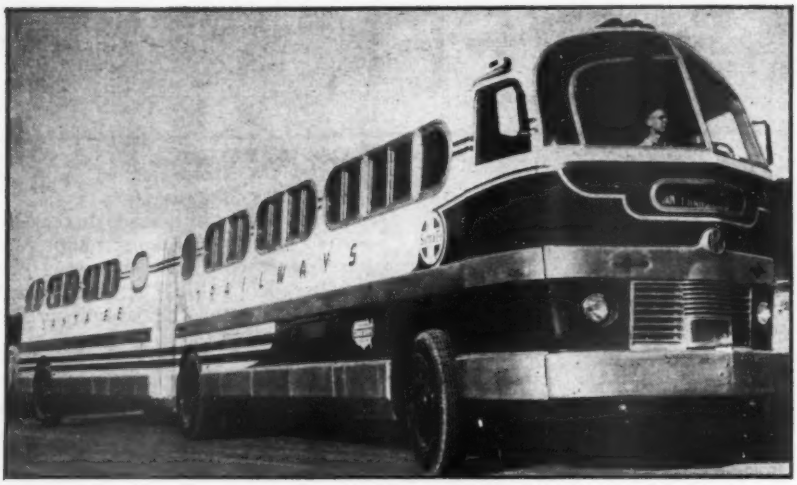
No effort has been made to match up the number of priorities issued with the amount of material set aside, and far more have been granted than can be met. This was a bad mistake. It was motivated by an original skepticism about CPA's willingness to limit nonhousing construction and the consequent fear that holding down house priorities would merely provide more material for racetracks. Another motive undoubtedly was desire to make a good initial showing with a flood of priority approvals.

• **Why It Looks Bad**—But the result has been a mad scramble among house builders to get hold of the goods, a lengthening of the normal two or three-month construction cycle to four, five, or even six months and the resulting claims that housebuilding has bogged down.

With the best of management, it'll be a long time before the program is popular. The demand for houses is so great that no likely number of completions this year would moderate the attacks of would-be buyers. Again, material supply is increasing at a fairly steady rate, with construction lumber, asphalt roofing, concrete block, and cement approaching a fairly healthy condition. But at the same time, the number of houses reaching the stage where they need materials is increasing faster, and the shortage looks worse all the time. The discrepancy will be greatest next fall, when it's feared that crop movements will interfere with transport of materials

• **Statistics Stack Up Well**—By the very nature of the job, no one will ever know how much credit or blame Wyatt rates. On the statistics, he can show a good record. During the first half of 1946 something like a half million housing units were started. And in the same period about a quarter million were actually completed—about as many as in the whole of 1945. Since the bulk

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TRAIN WITHOUT TRACKS: KAISER STYLE

From Henry Kaiser's Permanente (Calif.) shops rolls a sleek behemoth of the highways—a 60-ft. magnesium and aluminum articulated motor coach. Built for Santa Fe Trailways, the liner seats 40 in foam rubber swivel seats, is air conditioned, and has two lavoratories (which are expected to speed schedules due to fewer stops). With ordinary fittings a payload of 63 passengers can be accommodated. Its six-cylinder 275-hp. Cummins diesel engine under the floor is mounted on a roller carriage, can be pulled out for repairs or quick replacement. Turning radius of the giant is 38 ft. and is accomplished by a steering device which synchronizes movement of rear wheels with front. Its weight, empty, is 28,000 lb. as against the average bus weight of 22,000 lb.

of the starts were in May and June, it's reasonable to expect a larger number of completions during the rest of 1946.

Some optimists in Wyatt's shop are still counting on prefabrication to solve the dilemma of high-cost houses in a low-cost housing program. So far, prefabrication has been a frost. Hardly more than 10,000 have been built this year, and the hoped for schedule of 250,000 prefabs in 1946 has been scaled down to less than half that. One trouble is that factory production is far more vulnerable to material shortages than on-site methods.

∘ **Counting on Metal**—Also, the established prefabs use just about the same materials as conventional houses; some systems hardly do more than move the work indoors. Wyatt has hesitated to incur the wrath of the conventional builders by granting any very high priority to the prefabricators.

What the prefab enthusiasts are counting on now is metal houses. They figure that next year steel, aluminum, and the like will be more plentiful than lumber—or at least can be siphoned away from other industries instead of from other forms of housing. And they think that metal, as being essentially more tractable to mass production than wood, may pull the cost down more than the 10% or so that's usually claimed for "conventional" prefabrication.

• **Plane Makers Interested**—Already a half dozen aircraft manufacturers and several other substantial firms have been in to talk to Wyatt about his plans for government-guaranteed markets. The aircraft factories particularly look well adapted to house work. Big difficulties are design and distribution. Although they're prepared to do the production engineering, the plane makers want someone else to design the house.

Similarly, the plane people aren't equipped to do a distribution job. Housing officials are now exploring the possibility of getting a few big distributors to take on the job. And they're thinking about awarding developmental contracts—on the Air Forces model—to a few engineering firms to develop designs.

• **Labor and Wages**—First signs of labor shortage are just beginning to show up in the program. Last week, for the first time, one region—Atlanta—reported bricklayers were short throughout the region. Wyatt's people are inclined to say "I told you so," but they aren't really worried. They think any likely shortages can be met by clearinghouse arrangements between shortage and surplus areas and by dilution of the labor force with semiskilled craftsmen from the Army and the shipyards.

Prices in High

Secondhand auto quotations are at record levels. "Used" new cars, speedometers moved ahead, bring big premiums.

Quotations on new and used automobiles have swept sharply upward this month in the wake of OPA's suspension. Used car prices are openly much higher, and new cars, while they are technically selling at no more than ceiling levels in the dealer establishments, are available for immediate delivery at fancy premium prices from the big-city secondhand lots.

New cars on the lots run through most makes produced thus far but not all models. Secondhand dealers generally explain to potential buyers that the original owners of the cars moved away, didn't need them any more, got others, or wanted the money they could get in a quick turnover.

• **Elevator Plan**—At any rate, the business in "used" new cars is flourishing. Last week end in Detroit, for instance, used car lots displayed a number of 1946 models, actually new but with anywhere from 100 to 1,200 miles on speedometers, all priced well above former ceilings. Asking prices for the "used" new cars were fairly typical of those in the rest of the country.

A new Ford Tudor, priced under OPA at around $1,100, was offered for $1,900 in one Detroit lot, for $2,300 in another. A Nash Ambassador 4-door was tagged $2,400, up about 50% from the official delivery price. One lot had a 1947 model 4-door Studebaker Champion, offered at $2,300, as contrasted with an official ceiling on the model of $1,277.

Detroit's week-end classified ads bore out this trend. A Chrysler Highlander club coupe, officially priced at $1,947, was offered at $2,800. The owner of a Plymouth 4-door special de luxe, ceiling on which is $1,236, wanted $2,100 for his car.

∘ **Add a Thousand**—In Cleveland a 1946 Ford was offered at $1,950, and postwar Plymouths and Studebakers were also declared "available." In Denver a 1946 Chevrolet price on the lots was $2,600, about double the delivery price at that point. In Philadelphia the formula was list price plus $1,000 for "used" new cars. In Kansas City a new Ford could be had for $1,800, about $550 above ceiling; and a new Chevrolet was marked $2,150, up about $850 from the official ceiling price.

Genuine used cars, meanwhile, were commanding proporticnate premiums. A nationwide checkup last week end in various key cities showed that prices are

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up as much as 100% above ceiling levels.

• **Comparative Prices**—A 1940 Ford 2-door de luxe model with 85-hp. engine was checked in the survey. The quotations below did not necessarily include reconditioning and guarantee, but often did include radio and heater worth from $35 to $50 under OPA, depending on condition. The ceiling prices are for guaranteed cars, but do not cover radio, heater, or other accessories.

City	Ceiling Price	Current Range
Philadelphia	$729	$950–$1,495
Cleveland	729	775– 995
Detroit	729	950– 1,250
Chicago	729	729– 1,300
Kansas City	848	1,000
Denver	848	1,000– 1,200
San Francisco...	884	884– 1,195

New OPA Bill Offers a Choice

Three formulas are provided for determining prices—and profits. Decontrol Board to check inflationary trend or bidding for short supply. Special treatment for farm products is test.

President Truman's veto of the first price control extension bill paid off. Congress this week put on his desk a bill measurably less objectionable to him than the first bill produced. Here's what it does:

(1) Extends price control and wage control with it until June 30, 1947—and kills the Office of Price Administration on that date.

(2) Authorizes one billion dollars of subsidies.

(3) Sets up a three-man bipartisan Decontrol Board, whose members must be confirmed in their appointments by the Senate.

(4) Lays down a new set of standards for establishing price ceilings, and for decontrol and recontrol. The standards as they are outlined in the bill divide commodities into several different groups.

• **Industrial Products**—There are three different formulas for determining price ceilings.

Formula One—the industry-wide average price of a product in 1940 plus all cost increases, which have or will occur, with certain exceptions. The most important exception is the cost of wage increases granted without the approval of the National Wage Stabilization Board. This clause, which was absent from the vetoed bill, preserves wage stabilization. Also excepted are temporary abnormal costs, such as those resulting from a low level of production, provided the abnormalities will be eliminated within three months.

Formula Two—present average costs plus the 1940 industry-wide average profit.

Formula Three—average present costs plus a "reasonable" profit.

• **Choice of Formulas**—In the case of a product whose output cannot be increased (at least not without reducing the production of an equally needed product) the OPA may use either Formula One or Formula Three, as it chooses, in setting a ceiling price for the product.

In the case of a product of which it is physically possible to increase output OPA has its choice of Formula One or Formula Two.

OPA must adjust ceilings to conform to these standards within 60 days after a request is submitted by the industry.

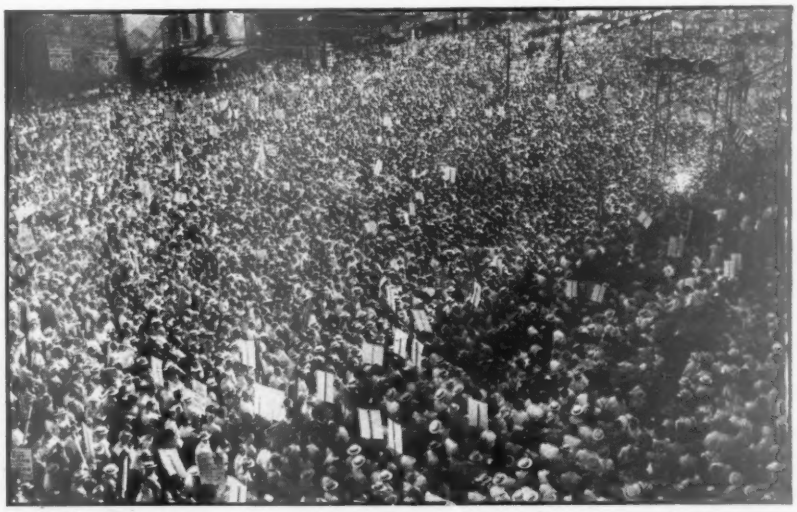
Within 30 days after enactment of the bill, OPA must, on its own initiative, adjust distributors' ceilings to give them at least the average margin they obtained on Mar. 31, 1946.

• **Decontrol**—Whenever the supply of a nonagricultural commodity equals or exceeds demand (including demand resulting from inventory accumulation) OPA is directed to remove price controls.

If it fails to do so, the industry may appeal to the Decontrol Board, which has final authority. But if, after decontrol, the price rises to an inflationary level, the OPA, with the consent of the board, may reimpose controls.

• **Farm Products**—Two groups are selected for special treatment. Group One consists of meat, dairy products, grains, soybeans, and food and feed products





HIGH COST OF PROTEST—ABSTINENCE

The question of what effect organized buyers' strikes have on retail sales was no closer to settlement last week after Walter Reuther (left), auto workers' chief, urged a mammoth gathering of his followers in Detroit's Cadillac Square (right) to cease buying meat for a week. Meat purchases and prices thereupon dropped off but whether the U.A.W. was responsible was a matter of opinion. The union claimed that its share in the phenomenon was noticeably potent; meat men largely pooh-poohed the boast. They claimed that livestock receipts had improved greatly and that this factor—coupled with seasonal decline in consumer purchases—was softening prices.

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manufactured therefrom. These commodities remain free of price control until Aug. 20. They go back under control on that date unless the Decontrol Board rules otherwise.

Group Two consists of poultry, eggs, tobacco, and their products. Petroleum and its products get the same treatment as this group of farm products. Group Two goods are out from under price control indefinitely—unless the Decontrol Board decides to put ceilings on them after Aug. 20.

• **Restrictions on Ceilings**—As to both groups the Decontrol Board is directed not to impose ceilings unless three things are true: (1) The price has risen unreasonably above the old ceiling price plus the subsidy, (2) a ceiling is enforceable, and (3) the product is in short supply.

Price ceilings may be maintained on other agricultural commodities and their food and feed products only if they are in short supply—and the Secretary of Agriculture so certifies. The secretary will issue a list of such products monthly. Whatever he doesn't include on the list of things in short supply is decontrolled.

Inflation? Which Index Do You Use?

Don't place any bets on how much prices are up until you know what prices you are talking about.

You can't dismiss it, either, by just saying, "Why, the Bureau of Labor Statistics index, of course." The BLS has two commonly quoted indexes, and they don't come to the same thing at all.

The bureau has its big list, made up of some 880 wholesale prices, which is published weekly. Then it has a group of 28 spot commodity prices compiled every business day.

Thus there not only is a considerable difference in the size of the sample but the commodities change hands at a very different point in distributive channels: Spot trading is primary trading, sometimes with the producer actually doing the selling; wholesale transactions are quite a way farther up the processing and distributing ladder.

Price changes, naturally, hit spot markets first. Thereupon the spot price is the next handler's cost of production. The wholesaler doesn't feel the upsurge until he goes to buy a product which has been made from the item figuring in the original spot sale.

That's the way the increase fans out, first in one thing and then in another, from manufacturer to wholesaler to retailer and to consumer. And, in perishables, the process is very fast. That's one reason food has gone up so much since controls were lifted June 30. (Another reason is black market prices becoming official.)

Always, too, index numbers differ as to volatility of components. The BLS spot index of 28 commodities is made up of fast movers; many of the items in the bureau's 880 wholesale index are positively dormant.

To give some idea of what has been going on, Business Week has tabulated several popular indexes to show how varied such movements have been. The indexes have been converted so that June 1 equals 100 in all cases. It will be noted that prices were on their way before controls came off, but that the real rise has taken place since June 28.

	June 28	*July 12*	*Latest*
Wholesale prices (Bureau of Labor Statistics)	**101.4**	**108.6**	.....
Raw materials	101.3	109.7	.....
Semimanufactured	102.7	105.7	.....
Manufactured	101.2	108.3	.....
Commodities other than farm	101.4	107.8	.....
Commodities other than farm and food	101.1	102.5	.....
Farm products	101.1	110.9	.....
Foods	101.4	119.9	.....
Hides and leather	102.4	106.8	.....
Textiles	100.3	100.6	.....
Fuel and lighting	100.9	103.9	.....
Metal and metal products	101.9	103.2	.....
Building materials	102.0	103.1	.....
Chemical and allied products	100.3	101.9	.....
Home furnishings	100.6	100.6	.....
Miscellaneous	100.1	100.5	.....
Spot commodity prices (Bureau of Labor Statistics)	**103.2**	**126.6**	**128.6**
Industrial raw materials	103.3	121.7	123.6
Agricultural	101.6	121.1	123.1
Foodstuffs	103.0	133.6	135.5
Imports	101.3	133.6	133.9
Domestic	104.4	122.3	125.3
N. Y. Journal of Commerce index	**103.1**	**119.2**	**122.6**
Grains	99.8	119.2	115.3
Foods	102.3	127.5	142.5
Textiles	105.0	111.8	114.3
Metals	113.4	120.2	120.2
Miscellaneous	100.0	119.5	126.8
Dow-Jones futures index	**106.7**	**111.3**	**113.1**

Still other indexes might be cited—such as the Fisher series, a slow mover which rose even less than the Bureau of Labor Statistics' all-inclusive group—but this list should give some idea.

Whisky Stores Up

Aging reserves gain despite grain restrictions. Schenley bottles aged stock, saving evaporation. Glut of blends feared.

The distilling industry has been unhappy about grain allocations which since August, 1945, have restricted its operations (grain for only three days' mashing was allotted by the government in May, June, and July). The industry's gloom is understandable for distillers want to restore their whisky inventory to normal levels (around 475,000,000 gal.) as soon as possible. But even so, the industry has not done too badly, despite grain restrictions.

• **Net Stocks Gain**—From July 1, 1945, through May, 1946, 140,053,271 gal. of whisky were produced. Since usage of stocks during that period totaled some 75,000,000 gal. (withdrawals plus losses due to evaporation and leakage), the industry today has 64,000,000 more gallons of whisky in inventory than on June 30, 1945. If it does only a little better in the next twelve months, stocks will have been normalized by the middle of 1947.

Current industry stocks of 371,863,303 gal. (before losses) consist of 190,247,729 gal. of aged whisky and 181,615,574 gal. of whisky produced since August, 1944. After allowing for evaporation losses, the actual whisky now in warehouses amounts to some 142,000,000 gal. of aged whisky and about 170,000,000 gal. of young whisky.

• **Unaged Brands Coming**—If the aged whisky were used at the 1945 rate of 60,500,000 gal., it would be exhausted by mid-1948, after which young whiskies would have to be used. However, indications are that the industry plans to sell some young whiskies soon to help its aged stock last longer. Young whiskies could be sold at low prices, which might make them highly marketable under present conditions.

Blends have helped distillers stretch whisky stocks (most whisky blends now have ¼ whisky and ¾ unaged neutral spirits). Potatoes (BW—Jul.19'46,p22) will help bolster their six-month stock of blending spirits. However, the replenished whisky stocks indicate that some new competitive steps may be taken by industry leaders.

• **Aged Stock Bottled**—Schenley has over 3,000,000 gal. of bottled-in-bond whisky to halt evaporation on it. Aging dustry observers wonder whether it is preparing to enter the bonded market in a big way, or whether it bottled the whisky to halt evaporation on it. Aging whisky over two years old evaporates in barrels at the rate of 4% annually, but

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it does not evaporate in sealed bottles. This would save Schenley 120,000 gal. of the lot in a year.

In any event, the industry feels that too much blended whisky has been put on the market—61,000,000 gal. in the first five months of this year.

The 1945 full-year bottling amounted to 124,714,000 gal. If this stays on the shelves, the industry may have to put out more straight and bonded whiskies, or cut prices on spirit blends. If over-all sales decline due to rising general prices and availability of more consumer goods, distillers may find it expedient to do both.

Social Security

Future policy of world's biggest insurance system is still in doubt as Congress sidesteps main issue, merely freezes tax.

The often-promised, often-sidetracked congressional overhaul of the social security system has bogged down on Capitol Hill again this year. With Congress stampeding to an adjournment, there is no time now to do anything but hustle through a bobtailed bill designed mainly to freeze the old age payroll tax rate at 1% each on employees and employers instead of letting it jump automatically at the end of this year to 2½%.

The Social Security Board's elaborate plans for broadening the coverage of the system and extending the benefits will have to go back into mothballs at least until the next session of Congress. So will the various suggestions for laying down a consistent, workable policy to govern the long run financing of social security. Both of these subjects would be too tough to settle in the time available—even if the approach of the election season didn't make them too hot to handle.

• **Four Chief Points**—The bill that the Ways & Means Committee finally presented to the House covers only four main points: (1) freeze payroll tax for old age and survivors insurance at 1% each on workers and employers; (2) extend the protection of survivors insurance to the families of veterans who die within three years after they leave service; (3) broaden the unemployment insurance system to cover some 230,000 merchant seamen; (4) make a modest increase in federal contributions to state programs for old age assistance, aid to dependent children, and aid to the blind.

The first draft of the Ways & Means bill would have made the payroll tax 1½% instead of 1%. It also would have allowed the federal government to contribute a variable percentage (up to two-thirds) to old age assistance programs according to per capita incomes in the various states. Under this system, "rich" states, such as California and New York, would have shared costs with the federal government on a half-and-half basis. "Poor" states, such as Alabama and Mississippi, would have been helped out on a two-for-one basis.

• **Endless Testimony**—To placate the Republican minority, the Ways & Means Committee knocked out both these changes, making the payroll tax 1% and putting state participation on a 50-50 basis regardless of economic standing. There is a chance that the Senate will restore the variable percentage idea, but the 1% tax rate seems a sure bet for final adoption.

When the Ways & Means bill finally came out, some of the experts who had been working on it remarked acidly that if all legislation took so much work for such small results, no congressman would live through his first term. Ways & Means held hearings from February to June. It heard 157 witnesses and solemnly considered innumerable reports and studies. The record of its hearings fills 1,510 pages.

• **Congress Undecided**—The things that stymied the Ways & Means Committee were the same things that have balled up every other congressional discussion of social security—the enormous complexity of the problem and the fact that Congress never has made up its mind clearly as to just what sort of social security program it wants.

As things stand, the social security system consists of three main parts: (1) unemployment insurance; (2) federal assistance to states in caring for aged persons uninsured by the system, dependent children, and the blind; (3) old age and survivors insurance. All three are administered by the Social Security Board (which changed its name this week to the Social Security Administration as a result of the President's Reorganization Plan No. 2).

• **Tax on Payrolls**—The mainspring of the unemployment insurance system is a 3% federal tax on payrolls, paid by employers. Actual administration of unemployment insurance is in the hands of the states, and employers can claim an offset, up to 2.7%, for contributions made under an approved state unemployment insurance law, or for contributions they are forgiven under the terms of such a law. All states have adopted unemployment insurance laws but mainly because of employer experience rating systems, the average contribution rate paid under state laws ranges all the way from 0.5% to the full 2.7%, and some employers are forgiven the state tax entirely.

In the prosperous wartime years,



BELGIUM PAYS ITS RESPECTS TO DETROIT

Newest tribute to U. S car stylists is the award of the Burgomaster's Cup in Brussel's revived auto style show to a 1946 Packard. The first since the war, Belgium's Grand Concours d'Elegance Automobile was watched keenly by European and U. S. manufacturers who sent their newest deluxe models. With practically no automotive industry of its own, Belgium was an important U. S. market before the war and one that Detroit is striving to rebuild.



MOBILIZING FOR THE MOBILE TRADE

The roving and ever-hungry motorist has a new friend: a restaurant on wheels (above). Last week, the first of twelve mobile "eatwagons"—stocked with sandwiches, ice cream, baked goods, and drinks—took to the road near Ridgefield, Conn. Meals-on-Wheels, Inc., is the brainchild of Laurence I. Graham (above left), New York, president of the new company, and owner of Ridgefield's Outpost Inn. The inn will be commissary for the fleet, which will operate in a 25-mi. radius. Graham has plans for a nationwide setup to serve fans at outdoor sporting events, and even industrial plants, as well as motorists. The truck, designed by Lester Tichy, New York, was built by Divco, Detroit.

states piled up unemployment reserves hand over fist. Altogether they now have about $7,500,000,000 in their unemployment compensation accounts, which represents more than four years of employers' contributions. The weaker states have a backlog of about 2½ times a year's contributions. The strong states have as much as six times.

• **Federalized Plan**—In the Ways & Means hearings, the Social Security Board recommended cutting the tax rate to 2%, on the theory that present reserves were enough to see the states through any foreseeable drains in the next few years. Presumably the states would lose no time in adjusting their laws to the lower rates. This suggestion was lost in the shuffle, principally because of union opposition.

The hottest issue in unemployment insurance just now is not the tax rate but the question of federalization. The Social Security Board wants to drop the state-by-state system and substitute a single national system, which would make the strong states carry part of the load for the weak. Employers generally have bucked the idea—so far with success.

• **Another Story**—In old age and survivors insurance, it's a different story. This is strictly a federal proposition. (State old age assistance programs with a few exceptions apply only to persons not covered by the federal system.)

There are two big issues in old age insurance at the moment. One is coverage. The other is financing.

As the law stands now, old age insurance falls a long way short of covering all workers. It makes no provision for agricultural laborers, domestic servants, employees of nonprofit organizations, public employees, and small proprietors.

The Social Security Board, which always has plugged for broader coverage, put up a strong argument this time for extending the system to the point where it would approach universal coverage. Chairman Arthur J. Altmeyer proposed plans for taking in agricultural workers, domestics, employees of nonprofit organizations, and self-employed persons on a compulsory basis and for allowing voluntary participation by employees of state governments.

• **Stamp Plan Suggested**—The board thinks it could handle most of the mechanical problems of collecting contributions for agricultural workers and domestics by using stamp books. Each worker would have a book, and his employers would paste stamps (sold through the postoffice) in it as contributions fell due. Periodically the worker could turn in his book and have the contributions posted to his social security account.

The financing problems of social security are something else again. Here neither Congress nor the Social Security Board has any ready-made solutions. In the first place, there is no adequate experience to indicate what should be done, and actuarial estimates of future benefits and contributions hardly hold up long enough to get them published. In the second, even though every hearing on the subject is an economists' field day, there never has been any general agreement among the experts as to just how the various financing systems would work out, let alone which one of them would be best.

• **Financing Alternatives**—When Congress set up the social security system in 1935, it had to choose between two general methods of financing. It could make contributions (payroll taxes) considerably higher than benefits in the early years, thus building up a reserve which would bear interest and help carry part of the benefit load in later years. Or it could start out with contributions about equal to benefits and raise the contribution rate as the benefit load increased.

The reserve system theoretically stands on its own feet. The pay-as-you-go system in practice almost certainly would have to be helped out by contributions from general tax revenues in later years.

• **Reserve System**—In 1935, Congress finally decided on a reserve system, although there was some question at the time as to whether or not it knew exactly what it was doing. Payroll taxes were to start in 1937 at the rate of 1% each on employees and employers. In 1940, they were to step up to 1½%, and gradually progress to 3% each by 1949.

On this basis, the experts figure that a fund of perhaps $50,000,000,000 would have accumulated by 1980. About that time, the system would level out with benefit payments running perhaps $4,100,000,000 a year. Contributions then would be about $2,600,000,000, and interest on the reserve would make up the difference, about $1,500,000,000.

• **Technical Deficit?**—By 1939, the actuaries weren't sure where they stood. Although the reserve funds were piling up merrily, it began to appear that the experts had seriously underestimated the probable number of beneficiaries in the later years of the plan. It began to look as though the fund would not be able to make ends meet in 1980 with a $50,000,000,000 reserve. Thus, even though contributions were running way ahead of benefits, actuaries began to suggest that the fund was operating technically at a deficit.

At about this time, Congress set out

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to overhaul the act. In the melee, pay-as-you-go supporters joined with opponents of social security, who wanted to keep taxes low, and Townsendites, who wanted bigger benefits, to pass a set of amendments that seriously undermined the reserve principle without actually repudiating it.

• **Benefits Raised**—The 1939 amendments increased the benefits over the early years of the system's operations, froze the payroll tax rate for one year (1940) at 1%, and required the Social Security Board to report to Congress whenever it appeared that the reserve exceeded three times the largest annual total of benefits to be paid in the next five years.

Nobody since has figured out exactly what this did to the reserve principle. But in each succeeding year, Congress has stalled off the automatic increase in rates. The effect has been to leave the system stranded between a reserve method and out and out pay-as-you-go.

The war hasn't made it any easier for the experts to figure what lies ahead. The violent wartime shifts in the economy blew up what was left of the 1939 calculations, forcing the Social Security Board to start with what amounts to a brand-new set of computations.

• **Greater Liabilities**—Full employment increased contributions to the fund, but it also increased its liabilities. Employment of women and temporary workers, who probably will not stay long enough (ten years in most cases) to acquire permanent coverage, adds more to assets than to liabilities. So does the tendency of older workers to stay in the labor force past the age of 65.

The temporary shift of workers into covered employment during the war will increase benefits more than it increased contributions—because when the workers go back to uncovered employment many of them will have acquired insured status but they will not continue to pay payroll taxes. On the other hand, the rise in average wages will tend to increase the reserve position of the fund because the formula for determining benefits is weighted in favor of low-income beneficiaries.

All these are questions that Congress will have to wrestle with sooner or later.

• **World's Biggest**—Social security, in fact, is the biggest system of social insurance anywhere in the world. The reserve fund now stands at $7,641,000,000. (It would have been at least twice that if Congress had not postponed the rate jumps.) The Social Security Board now carries accounts for about 84,000,000 workers on its books, and has credited 73,400,000 with contributions. Roughly 41,500,000 workers already are insured. The face value of the survivors insurance (payable to the worker's dependents if he dies before retirement) alone is about $60,000,000,000.

Bridge Tolls Drop

Average charge declines as trend to public ownership grows. Only 45% of toll units were privately owned in 1944.

Abolition of bridge tolls seems destined eventually, but it's slow in coming to pass.

The latest count of toll bridges was 219, of which 108 were privately owned and 111 publicly owned. The tally, made by the Bureau of Public Roads in 1944, showed a decrease of 18 in privately owned, and three in publicly owned spans in four years.

• **Public Ownership Trend**—After the lean war years, the harvest of tolls from increased travel presents a temptation that will be hard for public bodies and private owners of bridges to resist. On the other hand, the construction of toll bridges as a profitable field of private investment is shrinking with the growing scarcity of good locations, and rising costs.

Banks were interested in toll bridges back in the late 1920's and had scouts out looking for places to build good revenue-earners. By 1930 there were 234 privately owned toll bridges, compared with 62 publicly owned. Inside of four years, privately owned spans had decreased to 211 but the publicly owned spans increased to 110. The shift to public ownership continued. In 1927 only 18% of toll bridges were publicly owned; in 1944 the number represented 55%.

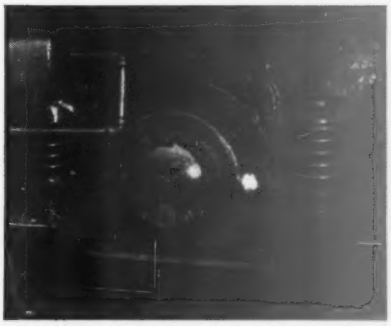
• **Some Tolls Removed**—There was little bridge construction of any kind during the war, but of 26 bridges brought to completion in 1930-40 only one was privately owned. Of the total cost of $92,178,000 for the construction of the 26 bridges, private investment supplied only $10,000.

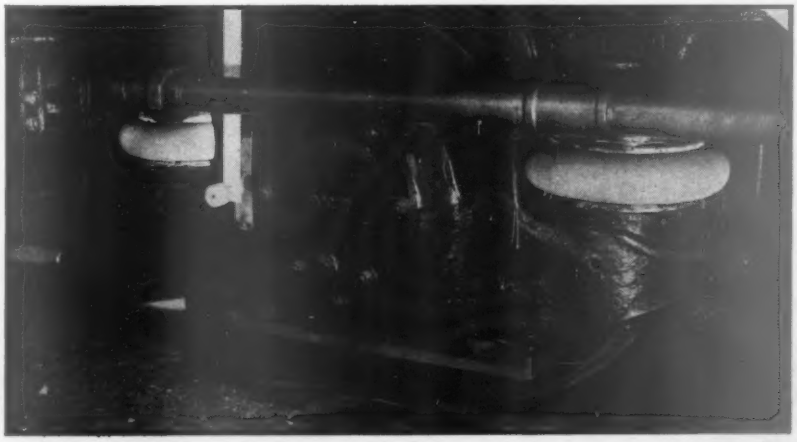
Meanwhile, tolls on existing bridges gradually are being removed as construction costs are paid, or privately owned bridges are taken over by local governments. The federal highway act requires that bridges built with its aid become free when tolls have paid off the costs of construction. A similar provision governs some toll bridges built by cities and other political subdivisions. Others may continue to collect tolls indefinitely.

Pennsylvania has been trying for years to free motorists of the 5¢ and 10¢ tolls on the ten private bridges left in the state. Last year it appropriated $7,000,000 to buy them, but a recent court

RAILROAD AIR CUSHION

Tomorrow's railroad passengers, too, may ride on air. Developed some years ago by Firestone Tire & Rubber, air springs that look like rubber tires (below) last week in Chicago got their first public tryout on Pullman-Standard Car Mfg. Co.'s laboratory car. The other end of the car had standard steel coil springs (right). Inflated with air at pressures up to 100 lb. per sq. in., the rubber tirelike bellows compress when a wheel hits an irregularity in the track, forcing air through a control valve into a reservoir to break the shock.





injunction has halted action until 1947, when the legislature meets again.

• **Paying for Other Projects**—The Port Authority operated jointly by New York and New Jersey continues tolls on George Washington Bridge and the Holland Tunnel under the Hudson River, although both projects have paid for their construction costs. The income goes for maintenance, interest, etc., and to support other structures.

St. Louis built the municipal bridge across the Mississippi as a free bridge, needed money later, floated bonds, and slapped tolls on the bridge to redeem them.

Hudson, Wis., pays three-quarters of its municipal expenses from tolls on a bridge to Minnesota although the span has paid for itself ten times.

The late Gov. Huey Long, who abolished tolls in Louisiana, finally pushed the Lake Ponchartrain Bridge, private toll structure, into bankruptcy by refusing upkeep for the approach road.

• **Stable Income**—Prewar earnings of toll bridges were pretty stable, according to an unprinted study made in 1940 by H. E. Cunningham of the Public Roads Administration. During the 13 years ended with that year, public bridges earned 8% annually on their original cost while private bridges earned 13%. In 1940, toll bridges were a $59,210,000 business of which $18,000,000 went into private pockets. It should be remembered that private ownership pays taxes; publicly owned structures do not.

Users of toll bridges paid an average of 26¢ per passenger car (driver included) in 1938 and 19¢ in 1940. Trucks and buses averaged 43¢ and 45¢. If the averages are separated into those paid on public bridges and on private bridges, motorists paid higher rates on public than on private bridges. (The public structures cost an average of four times as much as private bridges, $4,000,000 against $1,000,000.)

Eden Liquidated

New Deal's first venture in resettlement is written off at big loss. Arthurdale plants sold; tenants buying homes.

Arthurdale, W. Va., most angrily disputed resettlement experiment of the early New Deal, has passed without ceremony into the shadows where man's good intentions are enshrined. The houses comprising the homestead feature of the project are 100% occupied. But the industrial buildings, financed by the government to support the original homesteaders, have been sold. The thousands of dollars lost might be entered as a credit under some such heading as "human intangibles."

• **Loss May Be $2,000,000**—Final abandonment of the government's long struggle to establish income-producers for the inhabitants came on June 15. Three plant buildings, with a total of 57,280 sq. ft. of floor space, and the Arthurdale Inn were sold by the National Housing Agency for $105,000. The buyer was the Belfort Corp. of Baltimore, manufacturer of kitchen cabinets and kitchen furniture.

A hint of the government's loss on the project is afforded by the fact that the inn alone cost $220,000. Precise figures on the over-all deficit are concealed in the tangled jungles of government bookkeeping. Uncle Sam invested a total of $2,646,000 in Arthurdale. Losses probably will run over $2,000,000. Defense of sympathizers is that the outlay was one of the expenditures necessary to rescue the families of jobless workers, that the costs are chargeable to the struggle against poverty.

• **Mrs. Roosevelt's Pet**—The fact that Arthurdale was the first of the subsistence homestead projects, plus the fact that it was a pet of Eleanor Roosevelt, was a guarantee that the project would have plenty of attention both from the do-gooders and from the outraged opposition. Most inviting point of attack was the provision for government-financed workshops, which were assailed as a step toward communizing industry. Fumblings of the early management afforded the alert enemy plenty of ammunition.

Mrs. Roosevelt picked the site in the summer of 1933. She was moved by the tragedy of the region's jobless soft coal miners. Success of Quaker efforts in showing the miners how to cultivate vegetable gardens encouraged the wife of the late President to extend the idea to shop production as a means of giving the miners an income.

• **Started in 1933**—For the experiment the government bought 1,128 acres (the "old Arthur farm") near Reedsville in Preston County. It was good valley land, shrewdly chosen by the original owner, Col. John Fairfax, an aide of George Washington.

Arthurdale construction was started in October, 1933, by the Division of Subsistence Homesteads under Harold Ickes, then Secretary of the Interior. Miners who were to occupy the houses were given jobs preparing the land and building the houses. This was a boondoggle to the extent that as many jobs as possible were provided. First attack was against the crowding and the loafing, but soon a more dramatic failure was uncovered.

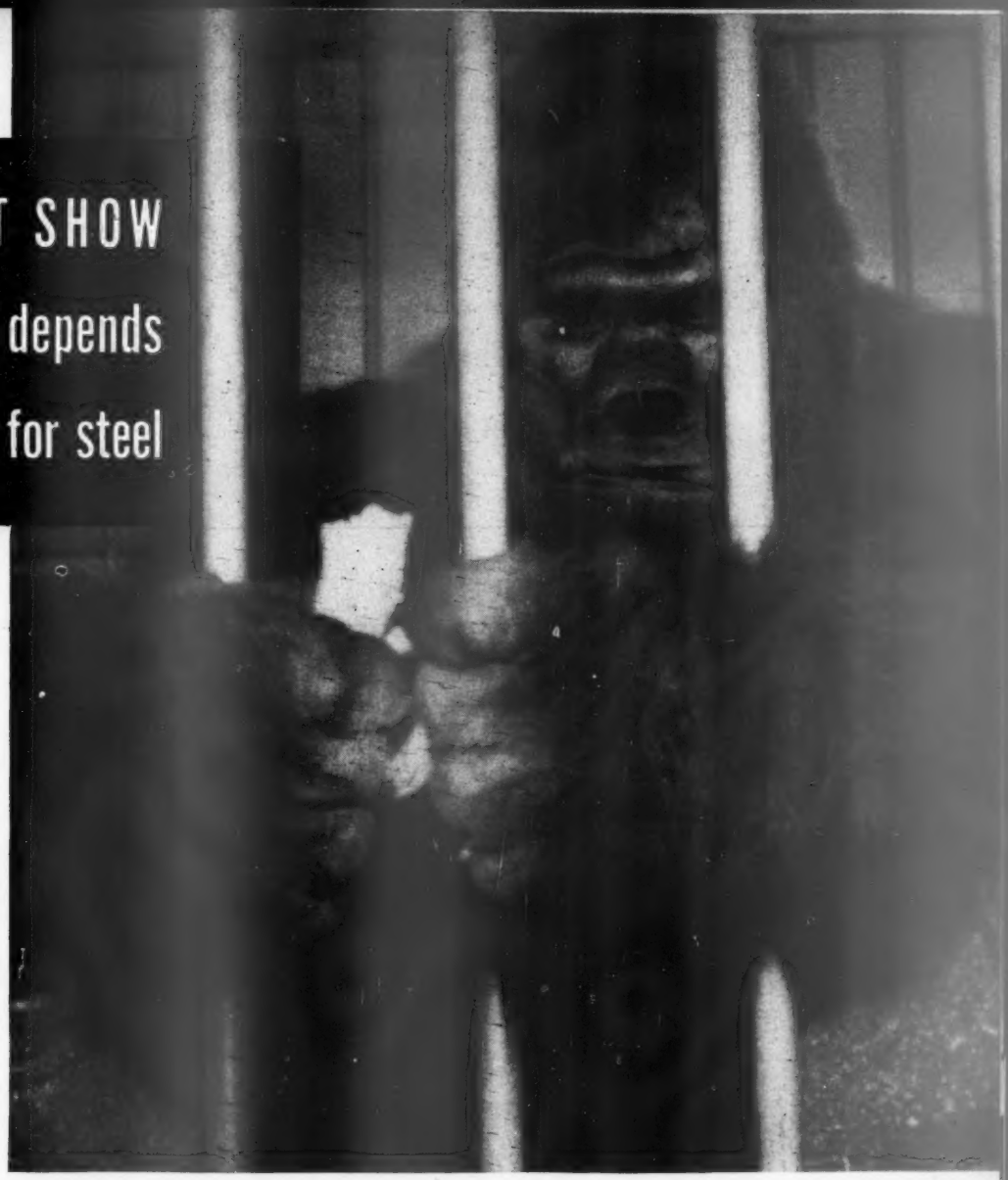
• **Expose on Waste**—The Saturday Evening Post of Aug. 4, 1934, carried an expose by Wesley Stout on the waste of time and money in erecting the 50 original homes. These were Hodgson prefab camp-type houses. But the government sociologists feared the effect of their chaste simplicity on the miners' spirit, so plenty of architectural



The Arthurdale homestead project was a planned workaday community (above) whose plans never quite came off.

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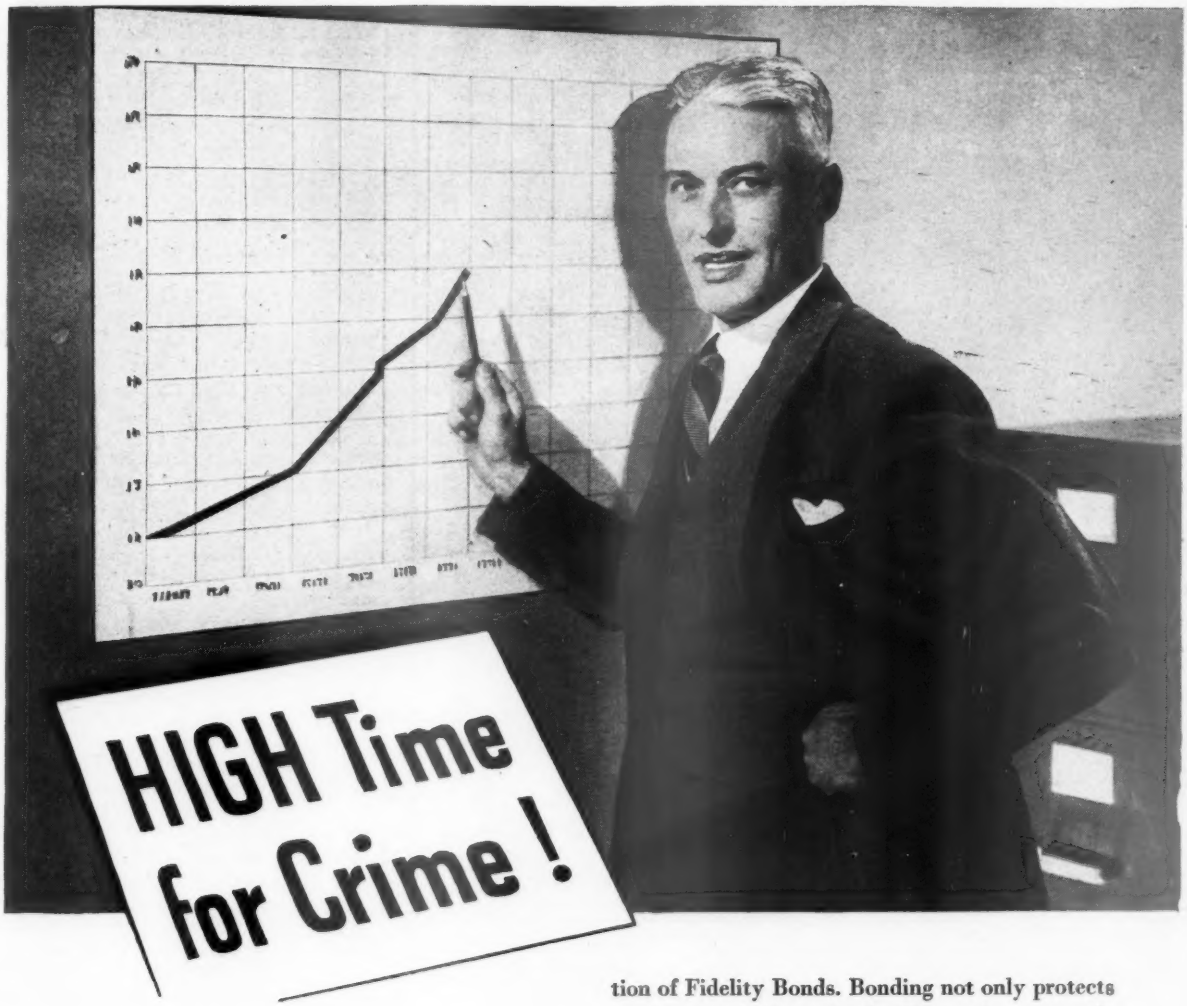
Fairy godmother of the Arthurdale project, Mrs. Eleanor Roosevelt, then First Lady, inspects with Mack Rust one of the town's white hopes—Rust cotton pickers, which for a time were assembled at a community plant.

meringue was added—porches, bay windows, terraces. The story also charged that shifts created misfit foundations, that a number of wells that were drilled had to be abandoned because of last-minute relocation of the buildings.

Later construction was more substantial and efficient. In its final form, Arthurdale has 165 houses, three plant buildings, the inn, such necessary auxiliary buildings as a store, filling station, office, recreation center, schools. Plants and other community activities were operated by the Arthurdale Assn., which was made up of homesteaders but was financed and controlled by the government.

• **Search for Industry**—Attempts to establish a healthy industry embodied many ideas, including the social philosopher's old dream of a return to handicrafts. Restrictions and interference from Washington were major factors in the final triumph of private enterprise. Arthurdale recalls that Mrs. Roosevelt's enthusiasm led her to appeal to Gerard Swope, then head of General Electric. As a result G.E. established a vacuum cleaner assembly plant at Arthurdale. A second enterprise was a unit of the Phillips-Jones Corp., makers of men's shirts.

The latter company needed a minimum of 125 workers. It was able to obtain less than 60 because a government ruling confined employment to members of the community and sufficient personnel was not available in Arthurdale. Hence the shirts had to be cut in Pennsylvania, shipped to Arthur-



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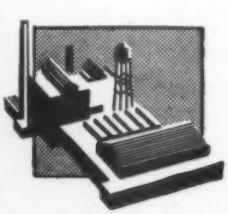
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dale for assembly, returned to Pennsylvania for finishing, ironing, and packaging. Phillips-Jones had to pull out and so did G.E.

Next the community tried assembling tractors for the American Cooperative Tractor Co. of Battle Creek, Mich., and cotton pickers for the Rust Bros. of Memphis. Both Arthurdale units declined and died, the latter with an estimated loss to the community of $25,000.

• **Finally Got War Plant**—Meantime a handicraft shop to make furniture and pewter utensils had been launched. These items were beautifully designed and well made, but prices were too high competitively. A pair of salt and pepper shakers retailed for $8; a cream and sugar set for $15. Additional jobs for woodworkers were offered by a contract with the Radio & Television Corp. of New York. Washington had finally relaxed its restrictions to allow outsiders to work in the reservation and things were looking up. Then war broke out and the planners found their outlook suddenly reversed.

Perhaps the important lesson taught by Arthurdale is that unforeseen events can scramble the most logical of set plans. Thus the problem of too few jobs gave way to the problem of too few workers. Arthurdale miners who had sworn solemnly never to enter another pit scooted back to the shafts, where they were able to make $10 or more a day. Arthurdale finally fell into step by getting a war plant of its own; the plants were leased to the Ballard Aircraft Corp. This production stopped when peace came and the government, ready at last to say "uncle," was glad to sell the layout to the Baltimore concern.

• **Other Failures**—The record of other cooperative enterprises paralleled those of the manufacturing ventures. A 450-acre dairy farm bought by the association in addition to the original acreage did all right until the competent lessor got patriotic and marched off to war; thereafter it was a resounding flop. The poultry farm "really laid an egg," as one resident puts it. An electrically operated grist mill was in the red from the start. Receipts from the inn and the filling station were knocked for a loop when gasoline rationing was inaugurated. The store (now a cooperative) represents a last vestige of the community services.

Long before the end, Arthurdale's troubles had made it an outcast, unwanted by the agencies that successively administered it. From the Interior Dept. the project had been tossed into the Resettlement Administration, thence to the Farm Security Administration, thence to the National Housing Agency.

• **Liquidation Policy**—The NHA was having enough grief trying to get houses

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Autocar

PRE-EMINENT HAULERS OF BIG LOADS



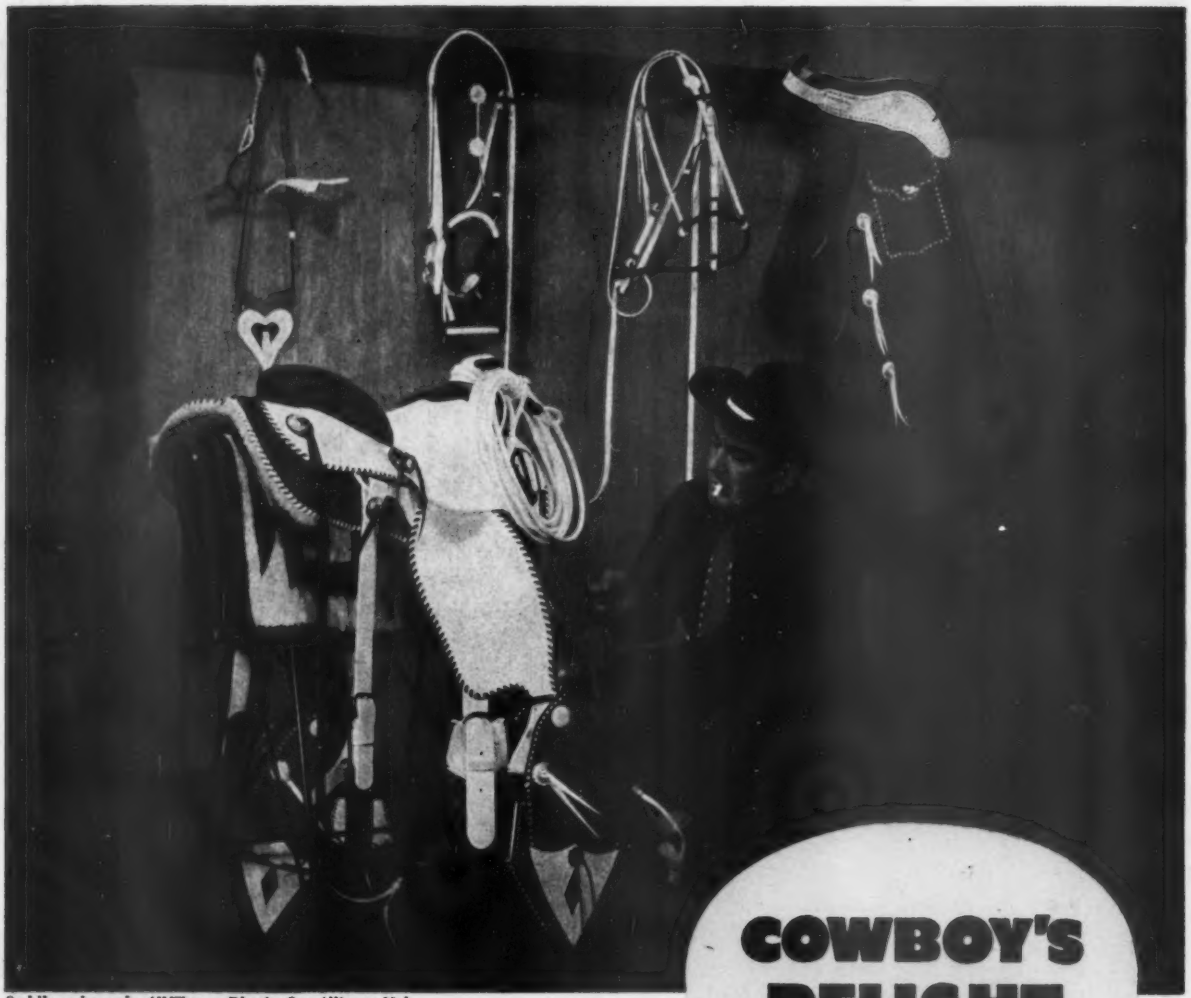
Designed by master  **engineers...**

 **precision-built... Autocar Trucks cost**

more because they're worth more. 

Manufactured by The Autocar Company, Ardmore, Pa. • Serviced by Factory Branches and Distributors from Coast to Coast

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Saddle and gear by All Western Plastics Co., Alliance, Neb.

COWBOY'S DELIGHT

Working saddle and gear another interesting application for GEON raw materials

THAT saddle isn't a show piece—although it very well could be. It's a working saddle—and all the gear is working gear. All are made from GEON polyvinyl materials for the same reasons that GEON is the ideal raw material for such things as shower curtains and acid tank linings, baby pants and wire insulation, handbags and upholstery.

Products made from GEON can be resistant to water, chemicals, foods, aging, wear, oils, sunlight, heat, cold, mildew, and most other normally destructive factors. They may be flexible or rigid, clear or opaque, brilliantly or delicately colored in the entire color range. GEON can be extruded, pressure or injection molded, calendered or cast into sheet or film. In solution or latex forms GEON can be used to coat fabrics and fibres of all kinds as well as paper and board.

Thanks to GEON's versatility there are applications in literally *every* industry. While we make no finished products of GEON we'll be glad to work with you on any special applications. Just write Department B-8, B. F. Goodrich Chemical Company, Rose Building, Cleveland 15, Ohio.

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COMBINING BEAUTY AND THE JEEP

First a war hero, then a civilian handyman, the Willys-Overland jeep is now headed for "social acceptability"—as a multiple-purpose station wagon (above). From its fighting days it inherits the 63-hp. engine and a similarity of hood design. But the steel body, longer, wider, heavier than that of its forebear, is dressed up with simulated-wood. Independent front-wheel suspension, airplane-type hydraulic shock absorbers cushion the rider. Seats snap out in an instant to make a cargo space of 149,200 cu. in. The wagon's Masonite interior with Vinylite-coated upholstery can be hosed down with water. Production goal by the end of 1946 is 10,000—the first cars to reach the dealer late this month. Price is quoted at "around $1,400."

built to relieve the nationwide shortage. Its attitude toward Arthurdale was, "Sell it out—regardless." This explains why Belfort Corp. was able to get the three plants and 20-room inn for $105,000, and why Sunny Hill Mining Co. was able to rent the inn on a short-term lease (for offices and personnel living quarters) for only $100 a month. Milford W. Mott, Arthurdale's young community manager, is handling the final liquidations with commendable dispatch.

Proclaimed policy was to price the homes (with an average plot of three acres, including a combination barn-poultry house) according to the ability to pay. In 1942 the houses were selling on painless terms at from $750 to $1,249—a thumping bargain even in those days, considering the fact that they had all conveniences and from five to six and one-third rooms each. As tenant earnings rose, so did the unit price—to around $2,000.

• **Values Going Up**—Under these terms all but 55 of the 165 houses were sold. Recently a halt was called in sales while Washington revalued the houses upward in the light of current realities. No one knows what prices will be asked, but present tenants of the government are clamoring to buy. They will just have to put up with the superior grins of early homesteaders who paid around $1,000. The houses are good, should bring $6,000 or more in an open market. (Critics of the Arthurdale project have estimated their average cost as high as $16,000.)

The Arthurdale adventure suggests some basic difficulties of human engineering. It was launched on a wave of compassion, social salvation, and a revival of hillbilly culture. Mrs. Roosevelt enveloped the place in her honest ardor. She conducted eminent guests on tours of the community, joined in square-dances in the recreation hall. Soon social workers were flocking to the mountain Mecca.

"Hell!" growled one mountaineer. "Got so a man couldn't set down to his sow belly and turnip greens without some stranger peeking in at the window or walking in to ask fool questions."

• **Plenty of Friction**—The compression of individualistic miners into a cooperative society meant that every movement was apt to generate friction. There were plenty of arguments on how the Eden should be run. Also there was a normal percentage of loafers who accepted the benefits while dodging the responsibilities. Condescension and interference by the well-meaning "Washington fellers" were often resented. Perhaps the miners preferred the hazards of independence to the status of quaint mountaineers hobbled to a subsidy.



XUM

Moving Operation

The war wouldn't wait, so Titan Metal bought a Delaware plant and moved it intact to Pennsylvania—in five months.

Little more than two years ago the brass rod mill at Bellefonte, Pa., which Titan Metal Mfg. Co. recently leased from the government, was an idle plant in Dover, Del. Less than five months later it was producing in almost the exact center of Pennsylvania, helping to lick a critical shortage of artillery ammunition. Now it is an integral part of Titan's four-plant operation.

• **Emergency**—In the spring of 1944, W. P. Sieg, Titan's president, received a telephone call from the War Production Board. Would the company construct and operate a new mill to double its output of brass time-fuze rings for artillery shells? When Sieg hung up, Titan was committed to the major undertaking of its 31-year history.

Its first step was to find and dismantle a plant formerly used by the Baldt Seaboard Co. in Dover. The plant's 406.7 tons of steel framework were shipped to Bellefonte. A small mountain of iron slag, residue from a blast furnace long out of existence, near the Titan offices had to be moved to make room for the two buildings.

• **According to Plan**—Next came the moving of twelve railroad cars of machinery, some of which was of 1916-18 vintage, plus a boring mill manufactured in 1908. The largest piece of equipment, an extrusion press which had to be converted for handling brass, was trucked over the last 58 miles because there was no railroad siding at the plant and little Bellefonte had no crane capable of unloading anything so big from freight cars.

Facilities were erected and equipped within the limit of $1,445,000 set by WPB, and the first rod was extruded just four months and 23 days after WPB put through its phone call. From then until V-J Day, the plant turned out nearly 40,000,000 lb. of brass products.

• **Troubles**—Titan's speed in getting the mill into operation, within the WPB budget, was a tribute to the company's management, for problems and setbacks developed early. A large crane, straining under the burden of a heavy girder, toppled. Transportation difficulties caused heart-breaking delays. Electrical equipment installation was delayed by a wage dispute between an electricians' union and the U. S. Dept. of Labor.

In addition, the project had to be engineered on a day-to-day basis to meet WPB requirements. As work progressed, a bridge was built over a small stream and a Pennsylvania R.R. siding run to the plant.

Once in production, the plant operated 24 hr. a day. Its heart is the extrusion press, which exerts pressures up to 2,750 tons and converts heated brass billets into rods of various sizes and shapes. Much of the brass rod produced is processed in Titan's other three Bellefonte plants.

• **Staying Power**—Besides the time-fuze rings, Titan's wartime output included brass for the Manhattan (atomic) Project, radar forgings, bomb components, forged valve assemblies for life rafts, and electrical connections for War Shipping Administration. Its peacetime orders come from the plumbing, automotive, electrical appliance, radio, air-conditioning, and transportation industries.

Titan pioneered the forging of brass in 1918 and led the way in introducing the Polak die casting process in the U. S. by importing the basic features from Czechoslovakia. In prewar days its payroll never exceeded 150 employees, and it weathered the 1930-33 depression without laying off any of its help. Employees now number 1,457.

The lease on the new plant, which employs nearly 300 men, calls for a monthly rental computed at 1¼% of net sales and provides that payments shall not be less than $50,000 for the first year or under $40,000 in each of the next four years.

Amputee Autoists

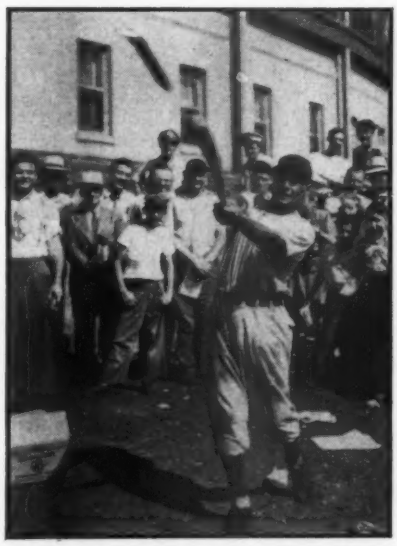
Ford Motor Co. installs 700 free kits enabling war victims to drive by means of single lever for clutch and brake.

Since the Ford Motor Co. first announced a year ago that it would supply special automobile driving equipment free of charge to disabled veterans (BW—Aug.11'45,p42), it has made more than 700 installations and today has 175 back orders on the books.

The kits, available for 1940 and all later Ford, Lincoln, and Mercury models, come in four variations developed to compensate for any combination of amputations. Installations are handled through the dealers, who are credited by the company for installation department costs.

• **Orders Pile Up**—Most in demand is the fourth kit, designed for those suffering both right and left leg amputations above the knee. About 250 of these have been delivered, and the company has ordered an additional 500. Dealers are now receiving 15 a week. Ford pays approximately $165 for the kit.

Simplest of the kits is one for those who have lost an arm or hand. It consists of a grip on the steering wheel and





FOCUSING THE LIMELIGHT ON A FLASHLIGHT

Press-agentry, recovered from the setback of war, is back again striving for new heights in words and deeds. Example: In Chicago last week Phil Carvaretta of the Cubs was called aside on Wrigley Field to slough a plastic flashlight which with eight of its brethren were then run over (right) by a trailer-truck and load weighing 15 tons. Gits Molding Co. of Chicago put on the demonstration to prove its flashlights of Dow's Ethocel can take it. None of the cases used in the tests even cracked, Gits reports.

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He has certainly done a number of other businessmen some very good turns. Such as the yearly saving of over $37,000 reported by one medium-sized manufacturing concern after following his advice to install a complete National Industrial Accounting System. Or the 41% reduction in the cost of payroll production enjoyed by another concern—with a direct, overall cash saving of about $25,000 yearly. A saving which, in less than a year, more than paid for the National System he recommended.

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DIRECT FACTORY BRANCHES AND DISTRIBUTORS THROUGHOUT THE WORLD

an electric direction signal, and costs about $30. Ford has 750 of these on order. The other kits, designed for the loss of one leg, cost the company between $65 and $75.

• **Manual Control**—The effectiveness of the special controls for leg amputees lies in the single lever which operates valves controlling vacuum power cylinders. The cylinders operate the car's clutch and brakes. Any downward motion on the lever, located on the left side of the steering column, engages the clutch and opens the throttle. An upward movement of the lever applies the brake.

Additional features included in the kits where needed are a hand-operated electric starter button on the dashboard and a large dash button with which the driver can dim or brighten his lights as necessary.

BUS RADIO PROGRESSES

Recent decision by the Federal Communications Commission that radio facilities between intercity buses and their terminals shall be separate from general mobile radio brings a nationwide bus radio network (BW—May18'46, p42) one step closer. The need for each bus radio installation must still be proved by experimental operation. National Bus Communications, Inc., the industry's cooperative radio operator, will now concentrate on this problem, at the same time forming its estimate of the number of frequencies bus radio will eventually require.

Exemption of bus drivers from technical requirements has eliminated one handicap. National Bus Communications is further encouraged by FCC announcement that negotiations are in progress with the American Medical Assn. looking toward limitation of diathermy machines to a specific range on the radio spectrum. Frequencies of the machines are not now fixed, and interfere in ranges set aside for specialized work. National Bus Communications is comparable to the airlines' Aeronautical Radio Inc. According to its sponsors, it must be independent from general mobile telephone systems because immediate contact, free from waiting, is necessary between buses and fixed stations if the system is to serve its purpose. The organization says that its private system costs two to four mills a bus-mile while a comparable number of calls over a public system would average 24 mills.

The cost figure includes equipment. Mobile sets now cost $450. A 250-watt fixed station costs $5,000 to install, and approximately $4,800 a year to run. To cover the United States, a network of 300 to 400 fixed stations and at least 500 microwave booster stations is foreseen.

FM Set-Aside

Despite opposition of radio industry, FCC reserves one out of every five channels for late-comers to new broadcast field.

Considerable revamping of FM channel assignments in more than 50 cities will result from the Federal Communications Commission's decision to reserve every fifth FM channel until June 30, 1947.

The reservation plan was adopted, over almost unanimous opposition on the part of industry, to take care of veterans, small businessmen, and other late-comers to the field. FCC also is considering reservation of some channels in rural communities.

• **For and Against**—Considerable pressure for holding some FM channels in abeyance had come from the C.I.O.-P.A.C. and from the Senate small business committee, prodded by Sen. Glen H. Taylor.

Chief opponents of the set-aside were the National Assn. of Broadcasters, representing more than 600 standard radio stations and 200 FM operators and construction permit holders; Columbia Broadcasting System, National Broadcasting Co., Yankee Network, Zenith Radio Corp., and many individual licensees.

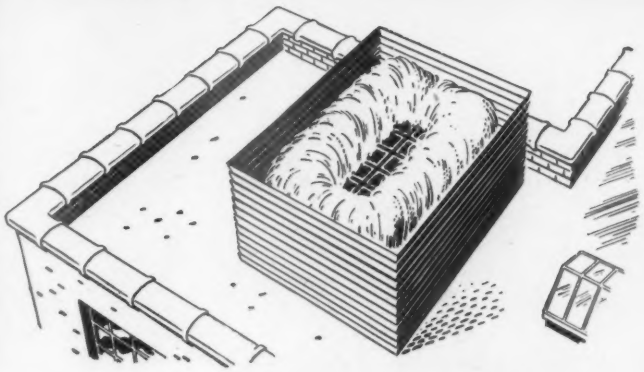
• **CBS Proposal**—Joseph H. Ream, CBS vice-president, had proposed that the FCC lower the FM band from 88 mc. to 76 mc. This would eliminate two television channels, but would provide 60 additional FM frequencies.

Charles R. Denny, Jr., acting FCC chairman, didn't permit the CBS executive to conclude his statement, ruling that the Columbia proposal would have to be submitted for the over-all allocations docket. CBS is understood to be preparing a formal petition asking the FCC to assign Television Channels 5 and 6 (76-88 mc.) to FM.

• **Reserved**—Under the commission's new policy, channels will be withheld until June 30, 1947, as follows:

One channel each: Birmingham, Fresno, Sacramento, Jacksonville, Atlanta, Des Moines, Springfield (Mo.), Dayton, Sharon (Pa.), Tacoma, Charleston (W. Va.), Fort Worth, Miami, Grand Rapids, Providence, Chattanooga, Memphis, Brownsville (including Harlingen, San Benito, McAllen, and all of the Rio Grande Valley), Dallas, Houston, Spokane, Richmond, Kansas City, Columbus (Ohio), Pittsburgh, San Antonio, Baltimore, Evansville, Cleveland, Louisville, Oklahoma City, Omaha, Syracuse, St. Louis, Cincinnati-Hamilton, Scranton-Wilkes-Barre.

Two channels each: Salt Lake City,



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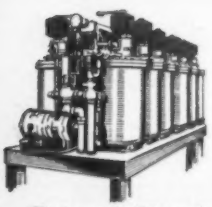
Industry taps its plant and animal life for foods, vitamins, perfumes . . . its wealth of salt, iodine and bromine for drugs, chemicals, thousands of commercial compounds . . . its magnesium for planes, boats, home appliances.

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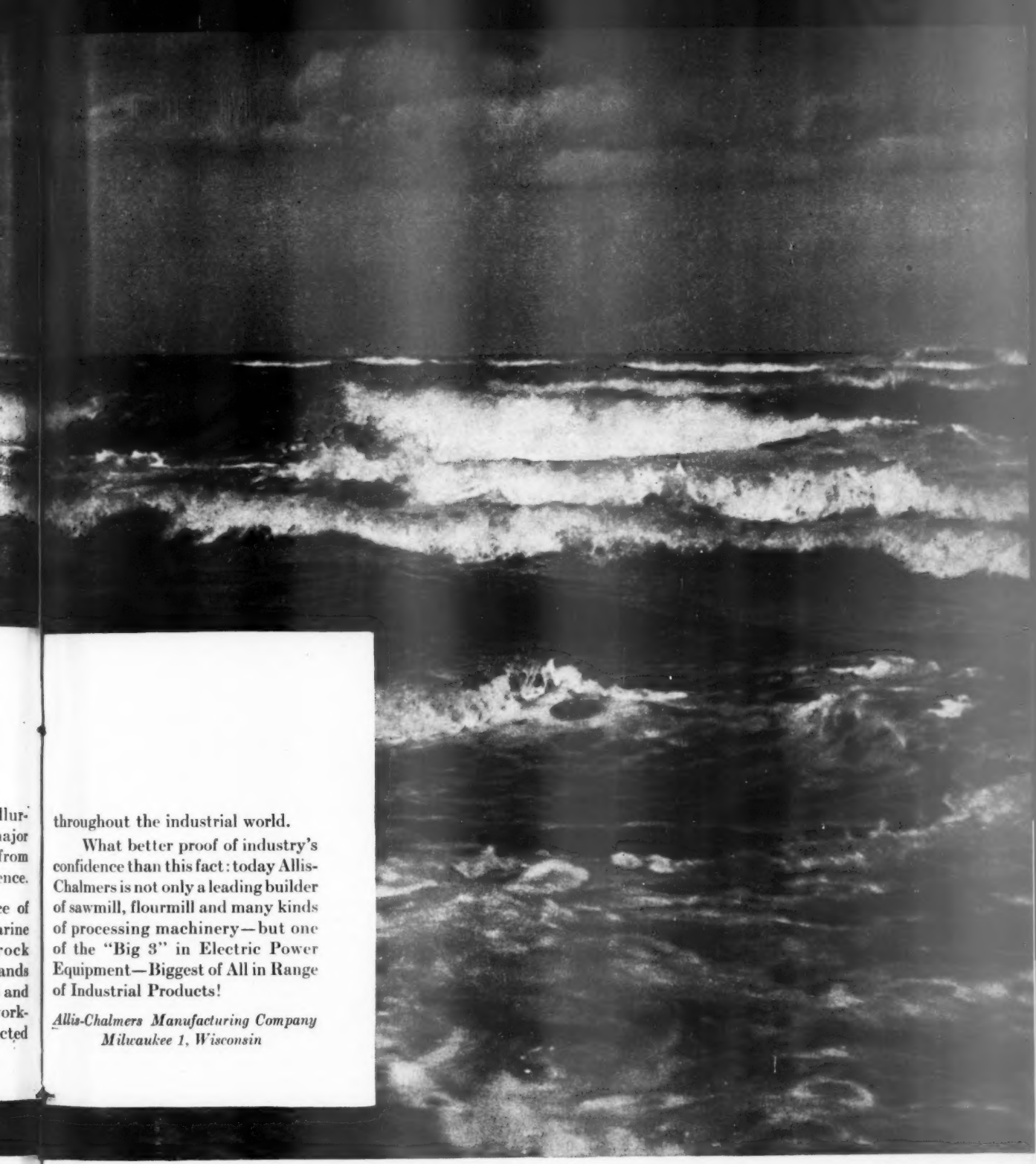


This Mercury Arc Rectifier—first introduced to U. S. industry by Allis-Chalmers—is important in electrolytic reduction of aluminum, magnesium, other metals. It's just one example of how Allis-Chalmers builds equipment to meet industry's electrical requirements. Whatever your need—generator, transformer, motor, control device or switchgear—call the Allis-Chalmers office in your city.

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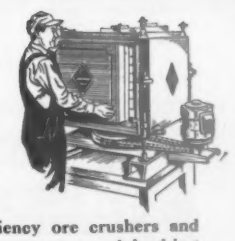
throughout the industrial world.

What better proof of industry's confidence than this fact: today Allis-Chalmers is not only a leading builder of sawmill, flourmill and many kinds of processing machinery—but one of the "Big 3" in Electric Power Equipment—Biggest of All in Range of Industrial Products!

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The smart-looking Kirsten Cigarette Holder provides a cleaner, more healthful way to smoke cigarettes—for men . . . for women!

By condensation, nicotine, tars and other throat-irritating residues are removed from cigarette smoke and deposited on the inside walls of the light-weight radiator . . . no messy filters to handle!

With the built-in ramrod, the holder is easily and thoroughly cleaned . . . gun-barrel clean! There's a quick-acting ejector, too!

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Dept. 344, Seattle

2 sizes long or short
$2.50



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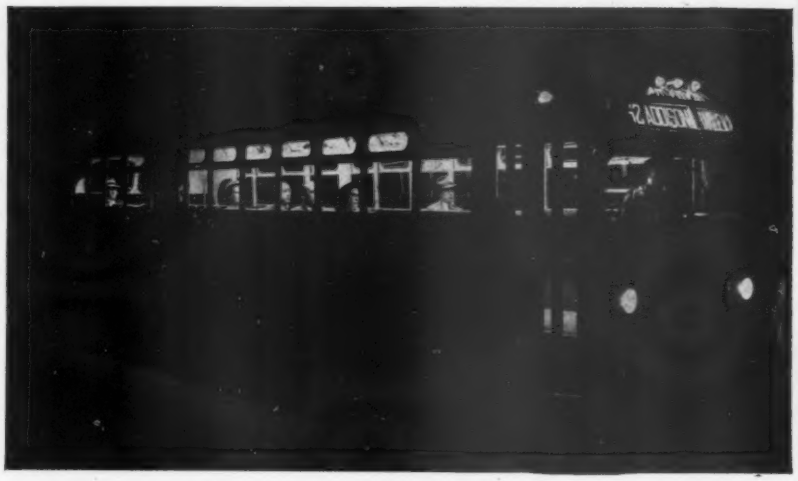
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This illustrated booklet tells you how to service industrial trucks quicker, safer, better—with a GLOBE Industrial Truck Service Lift. The Globe Lift raises trucks to handy working level—for easy access to underslung parts. Better inspection, better service, better lubrication, longer life! Quickly installed, anywhere. Write today for Bulletin 14-M—investigate these savings.

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LIFTS and ELEVATORS



FOR READING AND RIDING AFTER DARK

Night riders on the new buses of Chicago Motor Coach Co. will enjoy one of the latest refinements in bus illumination—fluorescent lighting. Luminator, Inc., Chicago, reports that it has an order for lighting systems on 140 new 55-passenger coaches of the bus line. Like other electrical manufacturers, Luminator has long experimented with fluorescent lighting for transit vehicles; this order indicates that such installations are well on their way.

Denver, Boston, Buffalo, Seattle, Washington, Minneapolis, Albany (N. Y.), Milwaukee, Detroit.

Three channels each: Los Angeles, San Francisco, Philadelphia, Chicago.

Four channels: New York City.

No reservations were made in smaller cities which have four or fewer channels.

HEALTH RACKET THRIVING

Health lectures, modern incarnation of the old-time medicine men, are prospering at the expense of a nutrition-conscious public, but the Food & Drug Administration is snapping at their heels.

Cashing in on a heavy line of official dietary propaganda before and during the war, health lecturers put up at the best hotels, advertise their courses in the newspapers. One woman who recently worked Washington, D.C., filled a small ballroom with "students" at $5 for four classes. The textbook was filled with professional-sounding references to her products. Selling began with the third lesson—a three months' supply of vitamin products, mineral supplements, and amino acids at $35.

Until lately, low penalties have handicapped the effectiveness of federal action against the lecturers. But this trend may have been reversed recently in Chicago, where Lelord Kordel was fined $4,000. Among Kordel's string of 14 products was "Gotu Kola," a "rejuvenation" compound.

Fast action and the cooperation of local authorities are required to catch the lecturers. Generally the goods are sent to the point of sale under legal labeling. Pamphlets come from a different source. The technique worked out by A. V. Murray, veteran FDA official, is designed to prove misbranding when the two come together. Local health departments help by embargoing the goods until the federal men can take action.

SILVER FOR INDUSTRY

Industrial users of silver—and there are many more now than before the war because of expansion of such processes as silver brazing—saw one production bottleneck broken last week when Congress adopted legislation authorizing the Treasury to sell silver to industry at 90.5¢ an ounce.

The agreement ended a six-month deadlock between legislators from manufacturing areas who wanted Treasury sales continued (preferably at the 71.11¢ price provided in the Green act which expired Dec. 31, 1945) and silver state senators who seek eventually to have silver monetized at $1.29 an ounce (BW—Jun.22'46,p21).

During these six months no new silver has been available for industrial purposes. And stockpiles were running low. The new agreement frees 100,000 oz. of Treasury-owned silver at once.

To prevent speculation, the legislation provides that no silver may be purchased by the Treasury unless it has been mined within a year before the time it is offered.

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Painting by Rockwell Kent—"Plantation in São Paulo"

Brazil's Coffee Becomes a Dollar Harvest

COFFEE is the key to trade with Brazil. The United States is the biggest single customer for Brazil's coffee, cacao beans for cocoa and chocolate, castor beans for industrial oils, babassu nuts for soaps and edible oils, and manganese for steel making.

Brazil supplies half the world's coffee demands, and the United States takes from Brazil half of that country's coffee production. United States industry needs Brazil's diamonds for industrial abrasives. Brazil's carnauba wax makes the finest polishing waxes.

Brazil is on the threshold of development. Use of her agriculture, forests, minerals, and industrial facilities is yet to be expanded. Even so, in peacetime Brazil has ranked fifth in importance in United States foreign trade.

With four branches in Brazil, and 44 branches altogether overseas, National City offers exporters and importers unequaled service in foreign exchange, credits and trade facts. Consult our Head Office or Branches.



Charles R. Varty, Supervisor of our Brazilian Branches, started his career with this Bank in South America 29 years ago. His long specialization in foreign exchange and credit is typical of the experienced service available to our customers.

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You Hear a Lot About Smaller, More Convenient Hearing Aids These Days



...this is where the New Mallory Dry Battery comes in!







HAVE you noticed how much smaller, lighter and more serviceable hearing aid devices are these days? How many people are talking about buying them? *How many people are actually wearing them?* A remarkable new invention is largely responsible for this—the Mallory Tropical* Dry Battery.

Heretofore, the size and weight of conventional dry cells have greatly discouraged the use of hearing aids. Manufacturers had made great strides in streamlining these instruments, but were forced to compromise on service life, convenience and economy by using undersize batteries that had to be replaced frequently, in many cases, daily.

The Tropical Dry Battery, originally developed by Mallory for the Signal Corps, has changed all this. Less than one-third the size of the conventional dry cell, its service life is nevertheless substantially greater. Its power is stable—does not fade or surge. High temperatures and high humidities have no appreciable effect on it. It has amazingly long "shelf life". "Foolproof" structure makes it completely safe.

Wonderfully effective as the Tropical Dry Battery already is, it is still being refined and improved. Quite recently, Mallory engineers substantially increased its capacity and service life—this without enlarging its size. Like so many other Mallory products—capacitors, electrical contacts, rectifiers, resistors, switches, vibrators, resistance welding electrodes—it promises to become the standard of the industry.

Do you make a battery-powered product where size and weight are important factors? Mallory's experience with the Tropical Dry Battery is at your disposal. It's an experience backed by thirty years of service to electronics and metallurgy generally.

MALLORY

P. R. MALLORY & CO., Inc., INDIANAPOLIS 6, INDIANA

XUM



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AVIATION

Airplanes on Time

Universal C.I.T. develops a plan for financing purchases of private craft at auto rates. Banks also enter new field.

Flush consumer income and lagging production of goods (especially automobiles) combine to put a two-way brake on activities of finance companies in the instalment field. One of the biggest, Universal C.I.T. Credit Corp., reveals that its search for items available to buyers has carried it into the underwriting of airplane purchases.

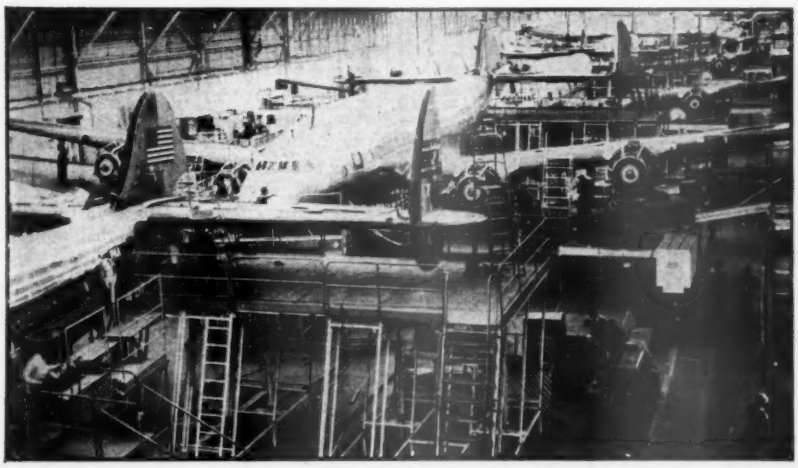
C.I.T. claims a "first" in this service. It adds that the discharged combat pilot or other air-minded person can finance his plane—whether new or used, land, sea, or amphibian—for the same 5% carrying charge that C.I.T. applies to automobiles, under coverage of the "cheapest insurance rates in history." The service applies to light private planes, which are classified as those having a gross weight of 3,000 lbs. or less and costing up to $7,500.

• **Two-Year Plan**—The plan enables the buyer to spread his payments over two years. For example, on a $3,000 plane he would pay $1,000 down. Hull insurance (covering the value of the ship) would be 5% a year for two years, or $300. Insurance against accidents and property damage would bring the total insurance charge to $326. Interest on the $2,326 at 5% for two years would be $232.60. Interest, principal, and insurance would amount to $2,558.60, which the buyer would pay off in 24 monthly instalments of $106.60 each.

An additional feature offers comfort to the unfortunate who must make a forced landing. He may assure himself rescue and repairs by applying to the nearest of the company's 325 branch offices. The C.I.T. will foot the bill and add the amount to the flyer's account.

• **Lower Insurance**—C.I.T. declares that the saving over previous rates in insurance alone on a $3,000 plane is $105. The buyer has protection against ground risks, public liability, and property damage. Bail bond up to $5,000 is also provided for the flyer who gets into a jam.

The C.I.T. is laying the groundwork for further extension of its financing. Expansion took in planes first because they were one of the few products which are being delivered in volume. Other manufacturers' goods will be in-



NEW CONSTELLATIONS FOR COMMERCIAL SKIES

At Burbank, Calif., Lockheed Constellations in a stately procession near completion after a six weeks' progress through the final assembly plant. The big ships move on dummy landing gears that roll on tracks embedded in the floor; platforms and workstands are lowered hydraulically to allow the planes to travel from station to station. Before V-J Day, the company delivered 20 military Constellations; since November, 47 of the commercial liners have been delivered to five airlines. The company reports a backlog of 74 orders—$55,000,000 worth. To date, biggest commercial order—for 47—is that of Transcontinental & Western Air; Pan American's order for 22 was second.



CROWN HER! . . .

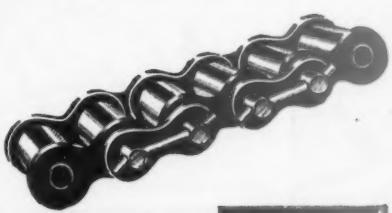
Not just good but best—that's good Queen Bess! She's in a class by herself, an arrant specialist if there ever was one. Milk and milk alone is her line, and in her line good Queen Bess is a terrific perfectionist.

SPROCKET CHAINS *and sprocket chains alone are our business.*

Just sprocket chains. Sprocket chains morning, noon and night. We're specialists—and even, we like to think, perfectionists. Do you see, then, why so many manufacturers, alive to the economical, efficient, trouble-free performance of sprocket chains for power transmission and materials handling, like to entrust the solution of their problems to specialists here at Union Chain?

THE UNION CHAIN AND MANUFACTURING COMPANY
Sandusky, Ohio

All types of steel chains and sprockets for the transmission of power and the conveying and handling of materials.



Union Finished Steel Roller Chain is manufactured in all standard sizes from ⅜ in. to 2½ in. pitch . . . both in single and multiple strands.

UNION CHAINS

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ENGINEERED ADVERTISING
built national leadership for SUNSET LINES



In just a few short years Sunset Line & Twine Company has attained the enviable position of America's leading manufacturer of fishing lines. Although Sunset is the only fish line manufacturer west of New York State and New England, there are more Sunset Cuttyhunk Lines used by America's army of fishermen than any other brand.

ENGINEERED ADVERTISING provided for our client such famous fishing slogans as: "More Fish Per Line"; "Sunset Lands the Big Ones"; "Is Safer for *Any Size* Fish"; "Sunset Builds America's Best Lines . . . For Any Kind of Fishing" which made sales and profits for sporting goods retailers throughout the nation.

ENGINEERED ADVERTISING helped boost Sunset Lines to the very top.

ENGINEERED ADVERTISING consistently provides our clients with what competitors do not possess. It works for big and little advertisers alike. If we may be of service to you, write or telephone our nearest office.

BRISACHER, VAN NORDEN & STAFF

REPETITION MAKES REPUTATION

ADVERTISING ENGINEERS ESTABLISHED 1919

MAIN OFFICES — New York • San Francisco • Los Angeles
RADIO HEADQUARTERS — Hollywood
SERVICE OFFICES — Portland • Seattle • Chicago • London, England



HANDY MAN ON WHEELS

Designed as a "family second car," the Salsbury "85" (above) was unveiled last week in West Coast cities. The 250-lb. midget has an automatic clutch and transmission, a 6½-hp. engine. In tests it reportedly hit 40 m.p.h., took steep hills in its stride. Salsbury Motors, Inc. of Pomona, Calif., a subsidiary of Northrop Aircraft, hopes to turn out 2,500 a month by the year's end. Price: about $300.

cluded as soon as consumers can obtain them without delays.

• **Bankers Interested**—Before the war, purchases of private aircraft had to be financed by the local dealer. Since the first thing bankers learn is to keep their feet on the ground, they showed little enthusiasm for risking loans in the wild blue. Hence local interest rates and legal formalities were far from painless.

But banks are now going after airplane business. The consumer credit department of the American Bankers Assn. has just issued a guidebook on the subject called Aircraft Financing. This points out that prewar charges were 6% on new planes and 7% on used craft, but recommends that current rates be brought into line with those used in financing automobiles.

• **Limited Volume**—Entry of C.I.T. into the new field probably will mean similar moves by competitors. But consumer credit companies have no misconceptions as to the volume promised by airplane sales. Actuarial tables promise no business approaching that of automobile credit.

There were about 20,000 private planes in the country before the war, and the present figure is not much more than double this. Estimates of sales from now to 1950 run from 150,000 to 400,000. There are something like 20,000,000 automobiles in the U. S.

XUM



50% stronger axles with *TOCCO* Induction Heating

AXLE shafts can serve as their own bearing races when the surface is given superhardness by TOCCO Electrical Induction. This eliminates the separate inner bearing race formerly pressed on . . . and by increasing the axle diameter at the bearing gives 50% more strength.

One TOCCO installation, hardening 300 axle bearings per machine per hour, has paid for itself from savings within a few months. The high quality of results is attested by millions of these axles now in service.

For YOUR Problem. This technique for producing integral bearing races can be applied to machine parts of many types and sizes . . . to quicken your race to market and to give you better products at lower cost. TOCCO simplifies production these ways: Cuts heating time to seconds; eliminates straightening, scale cleaning and other operations; banishes rejects; enables you to spot heat-treating in the production line; gives you 100% uniformity of results with unskilled operators.

Enlist the TOCCO Engineer in *your* production problems. No obligation. Mail coupon for free booklet.

THE OHIO CRANKSHAFT COMPANY



TOCCO

—MAIL COUPON FOR BOOKLET—

The Ohio Crankshaft Co.
Dept. W, Cleveland 1, Ohio

Send free Copy "Results with TOCCO"

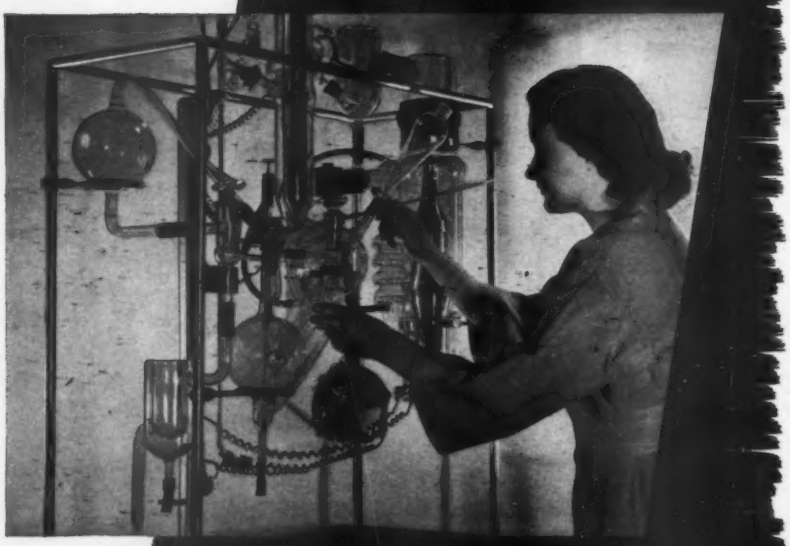
Name.....

Company.....

Address.....

City.....Zone....State.....

What is it?



good news for researchers!

This novel creation in glassware is a DPI *high-vacuum molecular still*—now at long last available to commercial firms for use in their own laboratories.

Is your firm looking for new products, processing shortcuts, new by-product revenues? It may pay you to look into this "instrument of discovery," the Falling Film Molecular Still.

Its uses in industry have barely begun. The molecular still's virtue is that, under *high* vacuum, it takes apart oils, fats and even waxes considered "undistillable" before; and it does this molecule by molecule, at low temperatures, in record time, and without injury to the parent substance or its distilled fractions.

Thus through molecular distillation, by-product materials once wasted can now be made to yield fractions of frequently great value.

The Falling Film Molecular Still is but one of nearly a hundred unique tools of research and industry made by DPI. Our production includes high-vacuum pumps ranging from single-stage glass lab models to huge nine-foot-high metal diffusion pumps capable of reducing the pressure in a 1000 cubic foot chamber from a tenth of a millimeter to a hundredth of a micron in less than a minute.

So to firms whose futures will prosper through use of high vacuums or molecular distillation, DPI offers exceptional help. We invite your inquiry.

DISTILLATION PRODUCTS, INC. *Pioneering High-Vacuum Research*

DP INC.

755 RIDGE ROAD WEST, ROCHESTER 13, NEW YORK

"Headquarters for Oil-Soluble-Vitamins and High Vacuum Equipment"

Forwarding by Air

New freight service finds answer to deadhead pitfall of independent operators. Owning no planes, it avoids risks.

Profit without excessive risk is the goal of every business, and Air Dispatch, Inc., of Cincinnati thinks it has found out how to achieve this in the air freight field.

Air Dispatch is a freight forwarder—by air. It operates no planes. Its function is to find cargoes and ship them on planes of independent airlines. It does no business with the interstate, scheduled lines.

• **High Mortality**—A tremendous number of independent, nonscheduled freight and passenger carriers have sprung up since the end of the war, many of them owned and operated by air force veterans, and a majority started on little more than a shoestring. As a result the mortality rate among them has been high.

The big pitfall is the deadhead flight. These small operators can't afford to maintain sales offices outside their home territory. So when a line operating out of Los Angeles, for example, gets a contract for a planeload flight at a good price to New York, it may lose all its profit, and maybe then some, by bringing the plane back with no payload to California.

Air Dispatch has bypassed this pitfall by having no planes of its own; it also eased the problem for many of the airlines. It operates sales offices in 25 cities in all sections of the country, and the business booked through these offices has saved many an independent operator from a deadhead trip back home. Salesmen are paid on the basis of a guarantee plus a sizable commission, the company having found that a generous commission policy attracts better salesmen, and results in bigger sales.

• **Gets Brokerage**—Air Dispatch has two sources of revenue. It collects a broker's commission from the airlines on all business placed and, in addition, when a number of small shipments going by the same route are enough to make up a full planeload, it pockets the difference between the planeload and less-than-planeload rates. The company has its own insurance setup, and also takes over problems of local pickup and delivery when existing service is inadequate.

All personnel except the secretarial help are veterans of either this war or the last. Founder and president is John Stewart, who "flew the hump" over the Himalayas during the war.

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"WINNERS

are notably endowed with

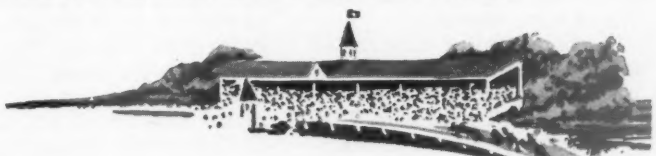
SPEED—PRECISION, AND—PERSONALITY"—

says ROBERT GAIR

Modern types of packaging machinery are endowed with speed, and personality too . . . and each machine demands a "uniform precision" carton . . . just the kind of distinctive "tailor made" cartons that Robert Gair has been creating and producing consistently for over eighty years . . . cartons that are ***GAIRanteed***.

From a "selling impulse" viewpoint many of our cartons have joined the parade of constant WINNERS.

Write for informative brochure on Precision Packaging.



GAIR

ROBERT GAIR COMPANY, INC., NEW YORK—TORONTO • PAPERBOARD—FOLDING CARTONS—SHIPPING CONTAINERS

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Towmotor and the 40 Fertilizers

Scheduling the production of forty varieties of fertilizer to meet variable demands for each type presents a complex production problem. At the Camden, N. J., plant of I. P. Thomas & Son Company, chemical manufacturers, this problem was further complicated by a lack of space in which to accumulate stock to meet future requirements.

To establish a controlled schedule that would permit long, economical production runs, four Towmotor Lift Trucks were selected to maintain a steady flow of materials through the plant and to provide the additional storage space required. Operating in a dust-laden atmosphere, these units stack 2,000-lb. loads of bagged fertilizer to 12-foot heights, in a systematic sequence that makes each grade immediately accessible when needed. In addition to creating added storage space, Towmotors have reduced over-all handling time 40% and have materially speeded up truck loading operations.

For every handling problem, however unusual, there is an engineered solution . . . a solution based upon Towmotor experience and "know-how" gained in solving handling problems in every industry. Send for your copy of the Towmotor Lift Truck ANALYSIS GUIDE today. Towmotor Corporation, 1221 East 152nd Street, Cleveland 10, Ohio.

TAKE IT UP WITH
TOWMOTOR
THE ONE-MAN-GANG

Data for Flyers

Manual for commercial pilots and private expands; a new service is scheduled for operators of private planes.

More information on landing field and navigation facilities for both commercial and private flyers is rapidly becoming available.

• **New Service Planned**—Jeppesen & Co. of Denver, which publishes the Airway Manual, is extending its loose-leaf service to supply the needs of all types of commercial and private pilots. During the war this manual, which carries complete data on every aerial highway and radio range and on every transport landing field in the U. S., was sold only to the government or to persons approved by the military.

A new service for private flyers is being started by Registered Travel Service of New York City. This organization will inspect private airports and list those that meet minimum standards in an annual register. The publication will also give data on landing and navigation facilities, hotels, restaurants, local transportation, sports, etc. Periodical checks will be made, according to John W. LaRocque, president, and data will be kept up to date. Distribution through aircraft manufacturers and oil companies is anticipated.

• **Picture-Map Style**—The commercial flyers' manual was started on a shoestring a dozen years ago by Capt. Elrey B. Jeppesen, pioneer airline pilot who has flown more than 2,000,000 mi. The information is provided in picture-map style in two looseleaf books. A pilot can tell at a glance whether a field has instrument landing facilities, whether it is large enough for the plane he is flying.

Jeppesen's data are regularly revised to keep up with appreciable changes in airport and navigational facilities. Each page consists of a map-picture. The pilot can keep abreast of his route from start to finish by turning pages in the manual. The charts outline let-down procedures, and include information on unusual conditions or obstacles.

• **Expansion Slated**—During the war the company was contractor for publication of the Navy's official instrument flight manual, and this service, is being continued. It also supplies custom versions of the manual for United, Western, Pan American, and American Airlines, sells its regular service for the use of pilots on a dozen other lines. Negotiations are under way with still others. The service also is finding new clients among operators of fleets for charter or private industrial use.

Jeppesen started flying in high school

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We keep you comfortable at theaters, dance halls, and bowling alleys . . . on ships and trains. We help mother freeze food quickly and easily instead of canning it . . . help farmers and dairies keep milk cool and sweet.

Our equipment controls the growth of mushrooms, dries ink faster in printing plants, puts humidity into textile mills, takes it out of sugar warehouses.

Carrier has been the first name in air conditioning for more than 40 years. Carrier engineers *know how* to do every job of quick freezing, cold storage, and refrigeration. . . . The name and address of your local Carrier dealer is listed in your classified telephone directory. Carrier Corporation, Syracuse, New York.

Carrier **AIR CONDITIONING • REFRIGERATION**

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Streamlined and idea-planned to get action ...that's Household. It puts 2,000,000 women subscribers and their menfolk in a mood that gets results. They deluge Household with letters—deluge dealers with orders. Yes, Household's thoroughly balanced editorial material and 150 workable ideas per issue make it tops for reader action in America's small city and town market. A market that supports 55% of all U. S. retailers.

Thanks to its idea-planned contents, Household received 550,000 reader letters and requests last year... and one Household advertiser got $9,000 in cash orders from a 56 line advertisement!

No wonder more and more alert advertisers are selling the small city and town market with Household.

HOUSEHOLD

A MAGAZINE OF ACTION *Streamlined*
FOR SMALL CITIES AND TOWNS
CAPPER PUBLICATIONS, INC.

Helicopters May Link Chicago Suburbs

United Air Lines' application last week for Civil Aeronautics Board permission to operate five feeder routes totaling 211 miles between the Chicago Municipal Airport, the Loop, and 32 of the city's suburbs marks the first entry of a major airline into the much-disputed field of helicopter flying.

• **Only Mail at First**—United asks only for the privilege of flying the mail, but admits looking upon this also as a step toward the ultimate movement of passengers, express, and freight on helicopter routes feeding into airports. United plans four suburban routes—to Racine, Wis.; Gary, Ind.; Elgin, and Joliet, Ill. These would converge on the airport to connect with incoming and outgoing flights of the ten airlines serving Chicago. One early morning pickup at the airport would get incoming air-mail pouches to suburban postoffices for first morning delivery. Returning, the helicopters would pick up outbound air mail posted during the night.

A noontime trip from the airport would carry air mail received during the morning at Chicago for afternoon delivery in the suburbs. At the close of the business day, the helicopters would start their return flights to the airport, picking up air mail posted in the suburbs during the day.

• **Time Saver**—As now handled, air mail arriving at the Chicago airport is trucked to the downtown Chicago postoffice, then is trucked to trains running to the suburbs. Best possible time for an air-mail letter from the airport to Evanston by ground travel is approximately 1¾ hours; by helicopter it is 15 minutes. Helicopter landing space presents no great problem, say U.A.L. officials. Five helicopters, each carrying approximately 1,500 lb. of air mail at 75 m.p.h., will start service on the routes if CAB grants permission.



and has flown about everything with wings, starting in the barnstormer and bush pilot days. When he began flying for United, he started collecting flight data about the routes, keeping this information in a small looseleaf book for easy consultation in the air. Other pilots liked the idea and began asking for copies. Before he knew it he had a business on his hands.

The company now occupies a floor of a Denver building, does about $300,000 of business yearly, and employs 60 people. Jeppesen retains the status of a United Air Lines captain, and flies a regular schedule for the company.

AIRSICKNESS DECREASING

Airline medical directors say that the incidence of airsickness is declining markedly as the airlines adopt larger and faster planes.

Aviation medics distinguish two kinds of upset: "psychic" sickness and true "motion sickness," which can happen to anybody in any kind of vehicle but is more likely to hit when there is rhythmic motion, as in the roll of a ship on the ocean.

Keeping the queasy passenger's mind from himself is the best remedy for psychic airsickness, the airline doctors say. That's where the amply stocked magazine racks come in, and the constant attentions from attractive stewardesses.

If passengers expect to be sick, the chances are increased that they will. That's why the airline doctors don't like advertising of preventives, which must be taken before the patient expects to become sick. After an upset, a drug like scopolamine, the leading active ingredient of motion sickness remedies, is not effective, and other remedies are indicated. The airline doctors won't go so far as to say that wartime research on motion sickness remedies hasn't borne fruit in new and more effective products, but a recent meeting of the Aero Medical Assn. agreed that indiscriminate drugging by passengers is bad business.

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Today's customers want to be **shown...**

Show them with movies

...there is no more convincing advertising medium



TODAY, people want to know a lot about your product before they buy it. Tomorrow, they'll want to know even more . . .

So make it possible for your salesmen to tell them *everything* they want to know . . . at one sitting. Equip your salesmen with motion picture or slide films—the advertising medium that "speaks" with the order-getting persuasiveness that only a combination of picture, motion, color, and sound can produce.

In the last few years, tremendous improvements were made in film production technics . . . in projection equipment . . . in distribution. As a result of these improvements, present-day films are "head and shoulders" over anything produced in the past.

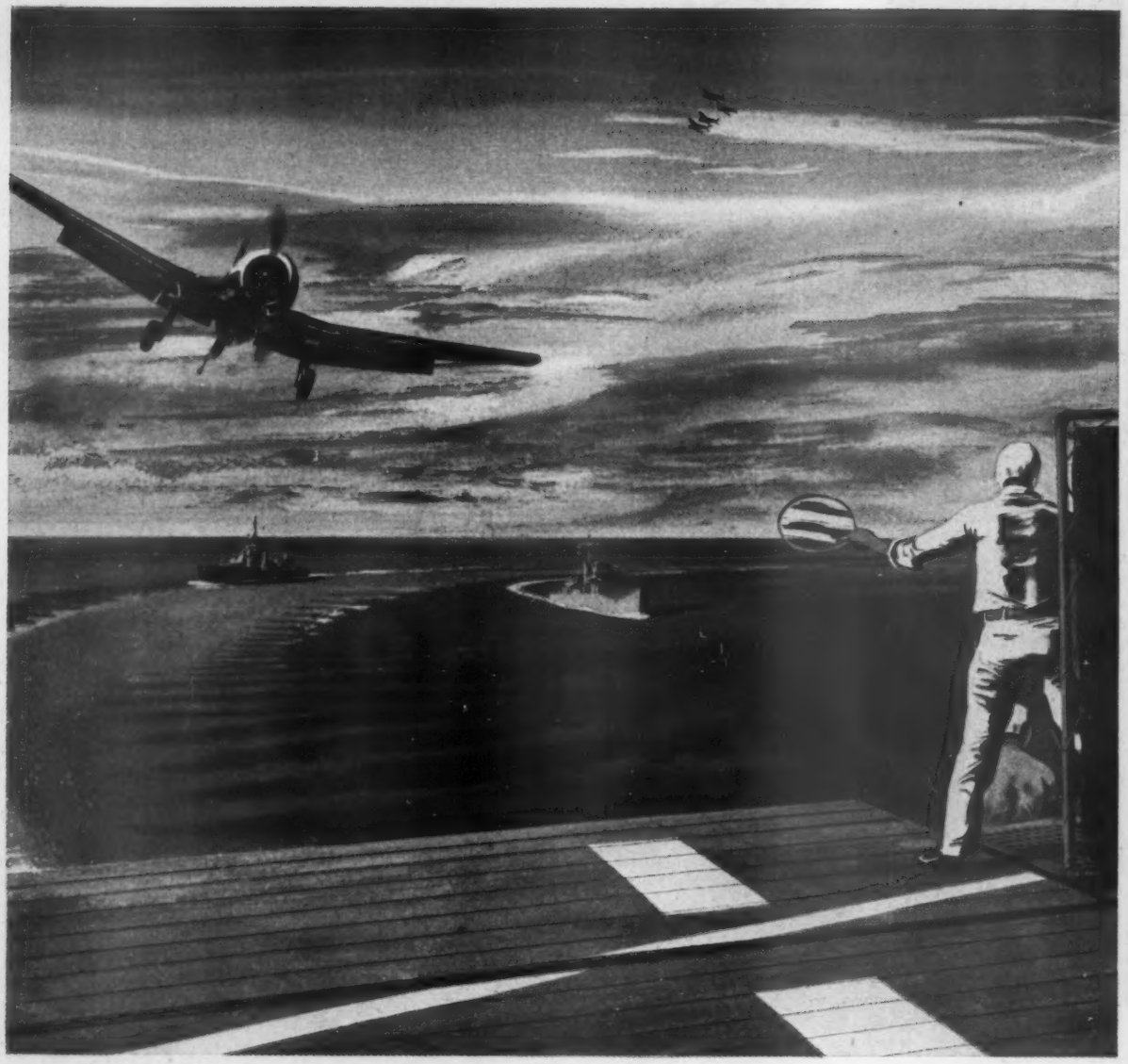
That's saying a great deal. But consult your commercial film producer, and you'll see it's true. You'll also see how helpful he can be in planning and producing films that will put your customers in an "I'm-going-to-try-it" frame of mind.

Eastman Kodak Company
Rochester 4, N. Y.

Sales Promotional Films... *another important function of photography*

Kodak

XUM



This is one of the times

It's a pretty tense moment.

The pilot has brought his plane into landing position. And in this position, it's difficult to see clearly what's ahead—to judge accurately the height, speed, and other factors important to a safe landing.

It's one of those times when a man—no matter how good he may be at his own job—needs the help of a trained specialist.

And the pilot gets the help he needs. The landing signal officer, especially trained for this particular job, takes over and directs the plane to safety.

There are many times when a man must depend on the experience, skill, and judgment of someone else.

One of them is when you land a plane on a carrier.

Another is when you revise or expand your employer-employee insurance program—something that should be considered periodically, in view of changing conditions.

When you contemplate an important change, you naturally want the best insurance service and the most experienced insurance counsel you can get. Through your own insurance broker or agent and the experts of The Travelers you can get this sound advice.

MORAL: For Group Insurance, Workmen's Compensation and Public Liability

INSURE IN

The Travelers

ALL FORMS OF INSURANCE AND SURETY BONDS

The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, The Charter Oak Fire Insurance Company, Hartford, Connecticut.



PRODUCTION

Box Makers Hit

Paperboard converters are harried by drying up of their sources of raw material as they face record high demand.

Paperboard converters, who fabricate board into the products used by industry—typically boxes, shipping containers, and tubes—have been growing uneasy. Cause of their disquiet is a trend that is drying up old sources of raw material while making it next to impossible for them to find new sources.

Hardest hit has been the set-up box industry. This consists principally of small plants. And, when a mill's deliveries fall uncomfortably behind schedule, it is the relatively unimportant small customer who is likely to feel the ax.

• **Demand vs. Capacity**—Primary reason for current shifts is the tremendous demand for paperboard and paperboard products. As has been the case for five years, save for a brief letup in 1942, true demand for everything from wastepaper and pulp to fabricated board products greatly exceeds capacity. Apparent demand (true demand plus the undeterminable percentage of duplicate orders placed by forehanded customers) is at an all-time high.

Reconversion of other industries has multiplied the paperboard industry's problems. On V-J Day, boxmakers and board mills were badly oversold, and the pressure has never eased.

• **New Requirements**—As each industry has got its postwar production rolling, this has brought new needs for board and products. Radio sets, for example, require shipping containers. Automobile parts must move from outside suppliers to the assembly plants in paperboard, and board is an integral though unseen part of every finished car. The recent allocation by the Civilian Production Administration of paperboard for gypsum-board liner is another instance of growing demand.

The continuing pressure has seriously dislocated long-established supply lines within the paperboard converting industry in recent months. A contributing factor was OPA pricing, which in some instances impelled primary producers of board to convert their product for the sake of the extra markup.

• **Plant Changeovers**—Because the shortage of product has carried through the entire paper industry, there also have been shifts of mill capacity from one type of paper to another (BW—Oct.27 '45,p85). Time, Inc., bought the one-machine paperboard mill of the Hennepin Paper Co., Little Falls, Minn., and converted it to book paper production for the new owner's periodicals. Flintkote Co. bought from Central Fiber Products Co. a strawboard mill at Mt. Carmel, Ill., and switched it to board for use in building materials.

National Container Corp., Long Island City manufacturer of board and containers, purchased the mill of the Tomahawk (Wis.) Kraft Paper Co., is shifting this to kraft container board. Some months ago National also bought the Ontonagon (Mich.) Fiber Corp., a merchant mill, and made it a captive mill.

• **Reaching Out**—Continental Can Co. bought a Filer City (Mich.) paper mill to switch it over to provide raw material for Continental's paperboard-converting operations. Container Corp. of America currently is adding to its Fernandina (Fla.) kraft pulp mill new equipment that will enable this mill to make some of its pulp into kraft paperboard.

Another route to the same general destination is for a major converter to contract to purchase, or take an option on, most or all of a mill's production. At least two companies that used to supply boxboard to set-up box manufacturers have thus disposed of important percentages of their output to gypsum board makers. This is one reason for the current plight of the set-up box industry.

• **Signing It Up**—Industry veterans maintain stoutly that more noise has been made over these shifts than is warranted by the total tonnage involved. Converters who are being pinched by loss of old-established sources point out, however, that 80,000 tons are about 1% of the paperboard industry's annual capacity, and one average paper machine turns out 22,000 tons.

A large share of mill capacity has always been captive in possession of the major container manufacturers. Therefore, to converters' anxious minds, the important figure to watch is percentage of merchant mill capacity that changes hands, not percentage of total mill capacity.

G.M. Job Shop

Company sets up a foundry division to ease shortage of castings. Present scarcity is rooted in war policies.

To fill a gap caused by the wartime shrinkage in foundry capacity, General Motors Corp. has established a new Central Foundry Division to backstop the cast-iron requirements of all the corporation's divisions.

The division will function as a large job shop, taking on tag-ends of runs which divisions found it impossible to obtain from their regular sources, but doing no volume work which could be obtained elsewhere. At the same time,



IT KNOWS WHEN A SLIP IS MADE

Converted from a six-wheel-drive Army vehicle, Goodyear's new dynamometer truck (above) is ready to test tire and wheel equipment in the "off-the-road" field. The six-ton truck, Goodyear reports, will provide accurate measurements of pulls on all surfaces with special attention to effects of tire size, load, inflation, deflection, and speed. One major function is to evaluate slippage of driving wheels. The truck is available to equipment makers.

XUM



WHO BUT HOUGHTON COULD . . . ?

It takes a lot of experience to write an authoritative manual on quenching of steels for proper heat treatment. Houghton men have had that experience, through two wars, and way back to the inception of the company.

Houghton quenching media, both oil and salt, are fast and stable. This handbook, which describes both, may be obtained by writing us on your letterhead.

And remember, please, that metal processing is only one important division of Houghton. Others include textile processing materials, specialized lubricants and VIM mechanical leathers. For data, you are invited to write E. F. Houghton & Co., 303 W. Lehigh Ave., Phila. 33, Pa.

HOUGHTON
CALLED FIRST FOR 81 YEARS

COSTLY HUMAN ERRORS ELIMINATED WHEN YOU MEASURE VALUABLE STORED LIQUIDS With

LIQUIDOMETER Tank Gauges

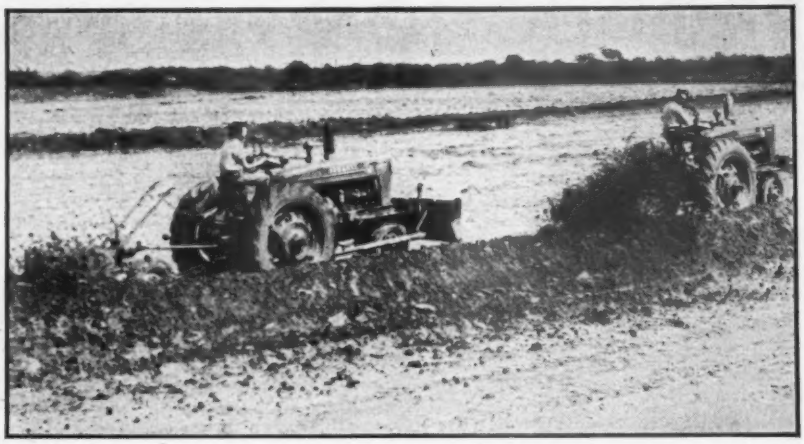


WRITE for COMPLETE DETAILS

"LIQUIDS WORTH STORING ARE WORTH MEASURING"

Write for complete details.

THE LIQUIDOMETER CORP.
38-12 SKILLMAN AVE., LONG ISLAND CITY, L.I., N.Y.



WHIRLWIND FOR THE REAPER

To aid in the battle against soil erosion, a tractor-drawn "Whirlwind" terracer (above) reportedly builds a mile of farm terrace in a 10-hour day. An 18-in. special moldboard plow rolls the dirt against a giant screw (right). The screw rotates at speeds that are controlled by a hydraulic device—maximum 1,000 r.p.m.—to hurl the soil from 10 ft. to 20 ft. to the right of the operator. The machine is made by Servis Equipment Co., Dallas, Tex., sells for around $550.



obviously, the division will serve as a yardstick for measuring today's widely divergent foundry work prices.

• **Lockport Expansion**—First operations will be centered in the gray iron foundry of Harrison Radiator Division, at Lockport, N. Y., no longer needed by the division because of a change in processing. Harrison's two 3½-ton cupolas are now being rebuilt to 5-ton capacity, and other equipment is being geared to enable the plant to turn out around 40 tons per work-day. It appears likely that two or three more similar operations will be set up.

The new division's first job will be to bite into the heavy requirements of the car manufacturing divisions for shock absorber castings. The divisions have been unable to place orders for an estimated 10,000 tons or more of these castings.

• **Too Much**—General Motors' problems in obtaining castings are typical of those of other companies. The roots of the trouble go back to the changing patterns of the war.

When the national arms program began to expand, the trend was definitely away from gray iron and steel castings. During the early stages, demand for cast pieces was so small that many foundries closed down for lack of business, though other manufacturing lines were crowded. Meanwhile, the shortage of manpower in other plants promptly swallowed up the laid-off foundry help.

Men who had been shoveling sand and pouring metal in the foundries turned for the first time to machine work, earning more pay for less arduous labor.

• **Too Little**—During the middle stages of the war, castings requirements began to swell, and there was a sudden and even more alarming shortage of manpower than of facilities. Through the rest of the war period, castings provided one of the great bottlenecks.

With the war over, former foundry hands showed reluctance to go back to common labor jobs after having been upgraded to machine work. This situation still persists.

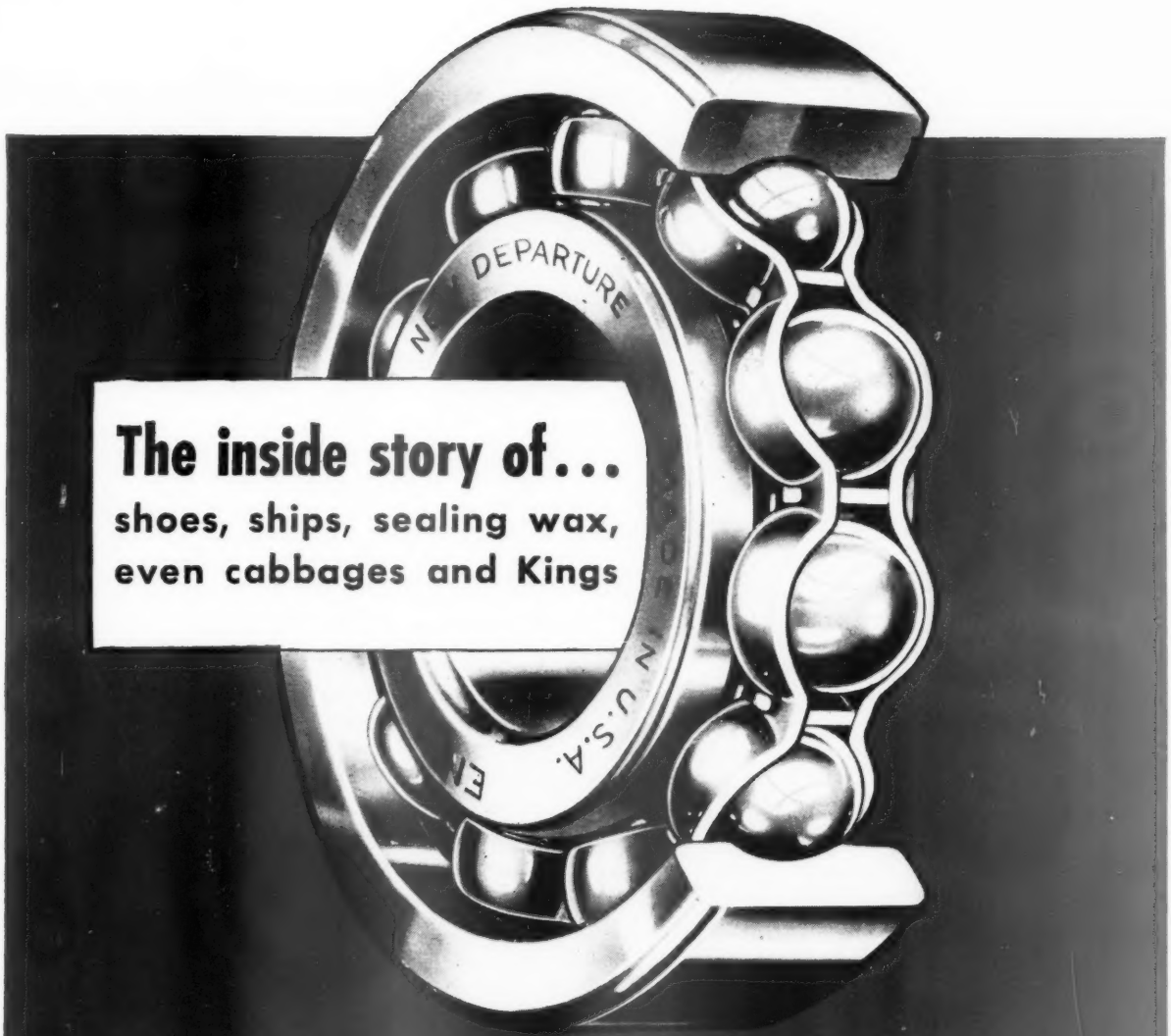
Another problem of at least equal dimensions, so far as casting users are concerned, lay in the effects of OPA pricing policy on castings. Any producer of a specified kind of cast piece was under severe restrictions in obtaining price changes.

• **Price Spread**—But foundries could take on new work and figure the price by a different formula giving them much greater return. Accordingly, the

XUM







The inside story of...

shoes, ships, sealing wax, even cabbages and Kings

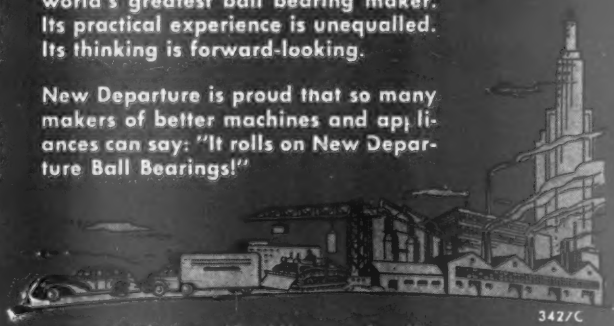
Rugged New Departure Ball Bearings carry huge loads on tough steel balls.

Almost everything used to lessen labor, do a job better, or make life roll more smoothly, has ball bearings in its system—or in its family tree.

For nothing rolls like a ball—and the *ball* bearing is uniquely fit for the higher speeds, heavier loads and greater precision of modern industry.

New Departure is deservedly the world's greatest ball bearing maker. Its practical experience is unequalled. Its thinking is forward-looking.

New Departure is proud that so many makers of better machines and appliances can say: "It rolls on New Departure Ball Bearings!"



342/C

UNITED SERVICE MOTORS

Bearings for replacement wherever you see this sign

nothing rolls like a ball

NEW DEPARTURE

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You have much to gain . . . nothing to lose . . . by reading "*A Better Way to Finance Your Business.*" No cost . . . no obligation. Just write today to the nearest Commercial Credit Company office listed below . . . and ask for a copy of booklet "C."

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past year has seen an unprecedented amount of shifting of work from one foundry, previously a regular source, to another, a new one.

The result has been the broadest spread in price quotations yet seen in castings manufacturing. One major castings buyer recently reported receiving bids ranging from 12¢ to 30¢ for a small piece on which he had asked quotations.

New Use for Rock

Hydrated silica produced from western volcanic deposits is converted into plastic-like material with variety of uses.

Discovery of an industrial process by which volcanic rock underlying sagebrush in the western states can be converted into a plastic-like substance has been announced in Reno by Gabriel Associates, a consulting engineering firm formerly of Washington, D. C.

• **Organizes Company**—W. H. Gabriel also announced formation of a corporation to produce and distribute the new material, which the company has named "X-Rox."

X-Rox is produced from a silicious material similar to a hydrated silica, abundant in the easily accessible volcanic rock underlying practically all the western states, and for which practically no other use has been found. Gabriel says that X-Rox can be mixed with cement, resins, and other bonding materials. Its use is predicted in items formerly made of concrete, porcelain, china, clay, and plaster—and after further research, possibly, wood, metal, fabric, and glass.

• **Exploded Under Heat**—Considerably cheaper than the standard method of calcining silicas, the X-Rox process of exploding the volcanic rock under heat and pressure follows the puffed-rice principle.

Only moving machinery is that required to load the rock into autoclaves, or pressure chambers, and unload the finished material.

• **Research Under Way**—So light that it floats, the product is said to be fireproof and moisture-proof. Its discoverers expect it to be used for building blocks, insulation, and other construction purposes in its raw state. Research on X-Rox has been going on near Yerington, Nev., since last October.

Success in converting the silica into a useful material, according to Gabriel, is the result of a different method of heating the hydrated silica in specially manufactured chambers which overcome difficulties inherent in heating methods hitherto tried. X-Rox has the

BUSINESS LEADERS ENDORSE

INDUSTRY VASTLY EXPANDED . . .

Typical of the many letters of endorsement are these quotations:

"Despite temporary delays, we seem to be headed into a period of great industrial activity and prosperity. It is good to see an outstanding publication like FACTORY courageously expanding to keep pace with our growing national economy."

C. W. Ruth, Director of Adv.
Republic Steel Corporation

"I am impressed with the plans that your organization is making to extend FACTORY's excellent sales medium to the expanded economic horizon. My personal opinion, supplemented by those expressed by others, is that the facts your research has developed as to the greater number of 'large' plants are correct."

Anthony Neher, Sales Promotion Manager
Century Electric Company

"In view of today's greatly expanded industry, as compared with 1939, I am certainly of the opinion that your own program of expansion is sound. What you are doing, as I see it, is expanding FACTORY to enable advertisers to take full advantage of expanded sales opportunities in industry. Incidentally, I have been especially impressed by the fact that you have doubled your editorial staff—editorial expansion certainly in keeping with your circulation expansion program."

H. L. Fisher, President
Rickard and Company, Inc.

"It is gratifying to know that 'FACTORY's' circulation has expanded and we are confident that 'FACTORY' will continue to do its usual good job for us in reaching and impressing our expanded market."

P. K. McCullough
The Mercury Manufacturing Co.

FACTORY'S INCREASED SERVICE ENDORSED . . .

by many letters such as these:

"The increased circulation of your magazine, of course, is one desirable factor in getting our message to as many people as possible. Secondly, the theme of your editorial pages in which you impress operating men with the importance of modernizing to cut production costs is one of the most important considerations in our selecting FACTORY. The increased circulation which you are giving us will make FACTORY even more important."

Charles A. Petrie, Adv. Manager
The Falk Corporation

"Your circulation growth to around 50,000 paid is certainly justified by the expansion of industry and our national economy which took place during World War II. This move cinches your claim of 'most widely-read industrial magazine among plant operating officials' and makes FACTORY even easier to recommend from now on."

William J. Staab, Manager
Media Department
Fuller & Smith & Ross, Inc.

"FACTORY's record of performance for Lamson and Sessions Company has been exceptionally fine. In our advertising program, FACTORY has been a basic publication.
"We like to carry advertising in papers which deliver concentrated dominating readership in a specific market or among a definite segment of buying influences. Your expanded paid circulation concentrating among the plant operating group in the manufacturing industries will make FACTORY more valuable than ever."

A. E. R. Peterka, Director of Advertising
The Lamson & Sessions Company

"I have always been of the opinion that a top production paper such as FACTORY should have a circulation which gives adequate coverage of the important production buyers in industry, and FACTORY, increasing its circulation to 50,000 indicates that it recognizes this need."

Paul M. Abbott
Sutherland-Abbott

FACTORY'S INCREASED SERVICE TO EXPANDED INDUSTRY

America's manufacturing industries have expanded mightily over prewar levels. Here are a few facts:

- **INDISPUTABLE STATISTICS PROVE IT**

  DURABLE GOODS INDEX — almost double 1939.
  INDEX OF INDUSTRIAL PRODUCTION — almost 50% higher.
  VALUE ADDED BY MANUFACTURE — 250% higher than 1939!
  GROSS NATIONAL PRODUCT—over twice 1939 levels!

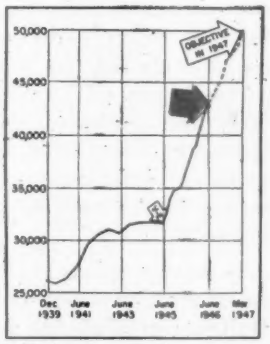
- **THE McGRAW-HILL CENSUS OF MANUFACTURERS SHOWS THAT**

  There are now thousands more plants with 100 or more employees in the United States than there were in 1939.

- **SALES EXECUTIVES SAY THEIR OWN EXPERIENCE PROVES IT**

  "Our potential postwar market has considerably broadened as evidenced by the predominance of new names and industries in our backlog."

With the manufacturing industries enormously expanded over pre war levels, FACTORY will deliver all-time high standards of help for the complex problems of plant operating men, and unequalled advertising values for manufacturers who sell to industry. In 1947, FACTORY will deliver



50% MORE BIG PLANTS (over 100 employees) and

DOUBLE THE NUMBER OF PLANT OPERATING MEN than prewar level

At a lower rate per thousand than the five-year prewar average.

FACTORY *wants* you to know just who its new readers are, as they are being added! The Interim Circulation Audit, issued periodically, gives complete details on new subscribers — *proof* of circulation *quantity* and *quality*. Ask your FACTORY representative to show it to you.

Sell the men *in the plant*—who *get out the production*—who *buy* and *use* modern equipment—the PLANT OPERATING GROUP. FACTORY gives you more of them than any business paper published.

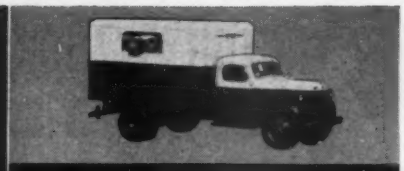
FACTORY

MANAGEMENT AND MAINTENANCE ABC • ABP

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Whatever your Business..



Bakery Goods



Meats

There's an Ls Truck Body to Meet Your Needs



Dairy Products



Groceries



Beverages

If your business requires truck bodies of any special design—if your particular requirements call for an individualized style—you can get exactly what you need from your Ls Jim—your local Lindsay Body Builder.

He has experience in your field. He has the know-how to meet your design requirements. And, he can build into your truck body all the basic advantages of Lindsay Structure: lightness, great strength, durability, all-metal construction, ease of repair, low over-all operating costs.

Ls service is nationwide, and there is a Lindsay Body Builder near you. Ask him today about your next truck body. The Lindsay Corporation, 222 W. Adams St., Chicago 6, Ill.; 60 E. 42nd St., New York 17, New York; or Lindsay Structure (Canada) Ltd., Dominion Square Building, Montreal.

LINDSAY

Ls STRUCTURE

U. S. Patents 2017629, 2263510, 2263511
U. S. and Foreign Patents and Patents Pending

advantage of cheap production, and Gabriel estimates that it will sell to consumers at about twice the cost of sand.

• **Two Plants Planned**—The corporation, X-Rox, Inc., has been capitalized for $1,000,000 at Carson City, Nev. No stock is for sale. Plants are planned for Los Angeles and Philadelphia.

Temporary officers forming the corporation were J. R. Colgan, Reno, president; Herb Maxwell, Auburn (Calif.) logging contractor, vice-president; and John D. Flournoy, Reno, secretary-treasurer.

SHOOTING THE SUN

Photos of the sun's spectra will be "shot" at an estimated height of 90 mi. above the earth by means of a rocket-mounted stratosphere spectrograph designed and built by Bausch & Lomb Optical Co. at the request of the War Dept.

Although the 300-lb. steel instrument will probably be smashed when the rocket crashes to earth, its film casette is expected to remain intact. The 50-lb. casette consists of a motor-driven, solid steel rotor, the flat sides of which carry highly sensitive film strips. The rotor is incased in a 14-in. heavy steel tube that allows only enough space between the casing and the rotor to introduce film and light-sealing devices. Successive exposures will be made at 20-second intervals.

Optical parts are of lithium fluoride, a synthetic crystalline material which penetrates deep into the ultraviolet regions.

CARBON DIOXIDE PIPELINE

Carbon dioxide, previously delivered by truck or rail in the form of dry ice or in the form of gas in heavy and bulky pressure tanks, is now pumped as a liquid under pressure from the producer's plant into storage tanks in the Walter Kidde & Co. plant, Belleville, N. J.

The pipeline runs more than a quarter of a mile from plant to plant. Although largely underground, approximately 200 ft. of pipe run overhead through the plant to the storage tanks.

The pipe is standard 2-in. steel with welded joints, insulated with asphalt paint and two layers of roofing paper.

MINERAL WOOL STANDARD

The latest development in the joint standardization program of the National Bureau of Standards and the Industrial Mineral Wool Institute is the release of Commercial Standard CS-131-46 on testing and reporting of all forms of mineral wool insulation.

Established uniform tests are now

XUM



ROBOT DOORMAN

With the new supersonic door opener, motorists won't have to shove or lift the garage door, they'll just whistle it open. A supersonic whistle operated from the dashboard is picked up by a microphone above the door (above), magnified by amplifier to actuate a door-lifting motor. Successive whistles raise, stop, lower, or lock the door. The manufacturer, Vendo Co., Kansas City, Mo., plans to sell the device at under $175.

available for every characteristic of mineral wool performance, including thermal conductivity. The tests described cover all material of fibrous form processed from molten rock, slag, or glass.

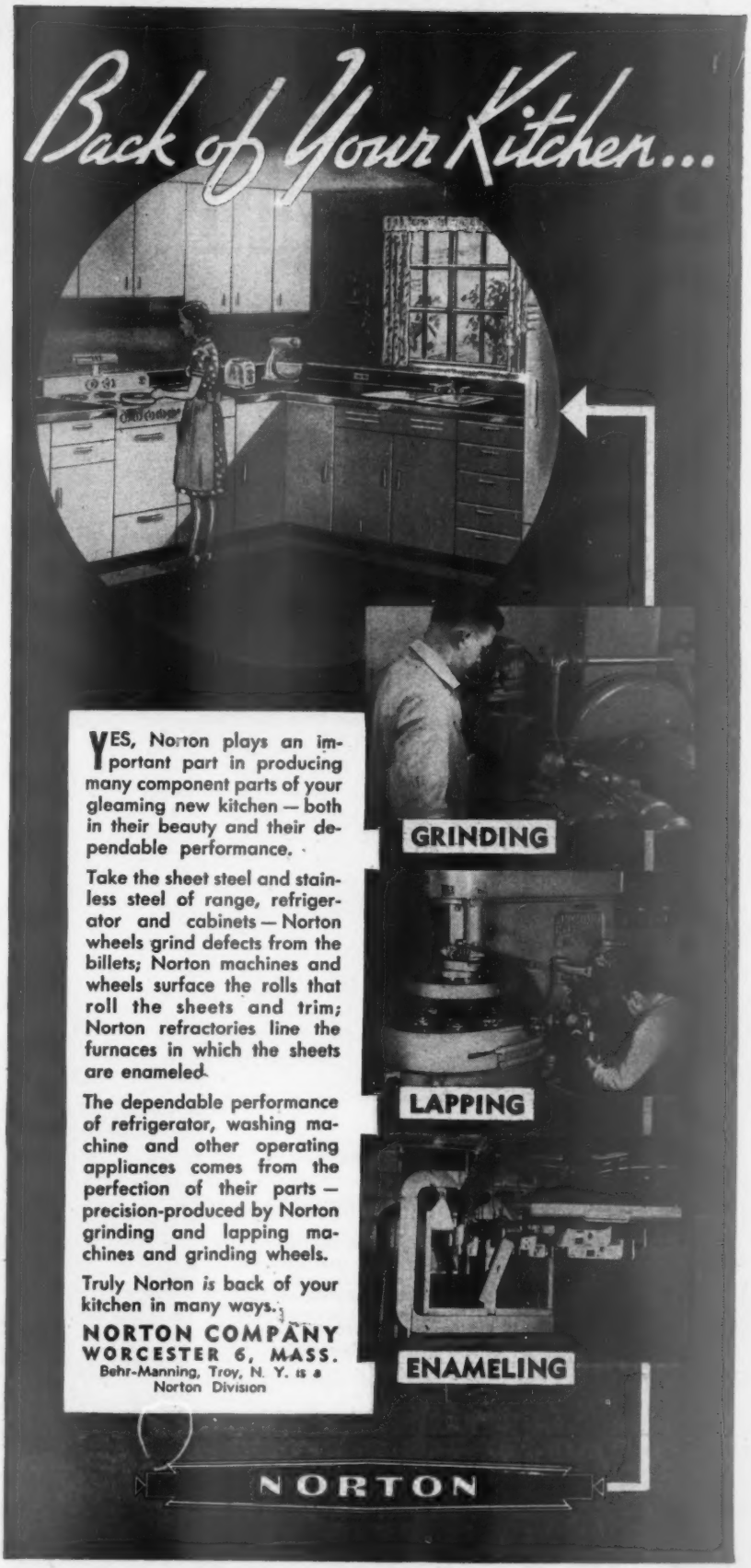
The forms of industrial mineral wool for which test methods are given are blanket, block, board, felt, granulated, industrial batt, insulating cement, loose, and pipe insulation of both blanket and molded forms. Uniform and detailed methods of testing and recording physical and chemical properties are included. Copies of the standard can be secured from the Industrial Mineral Wool Institute, 441 Lexington Avenue, New York 17, N. Y.

LOCOMOTIVE TEST

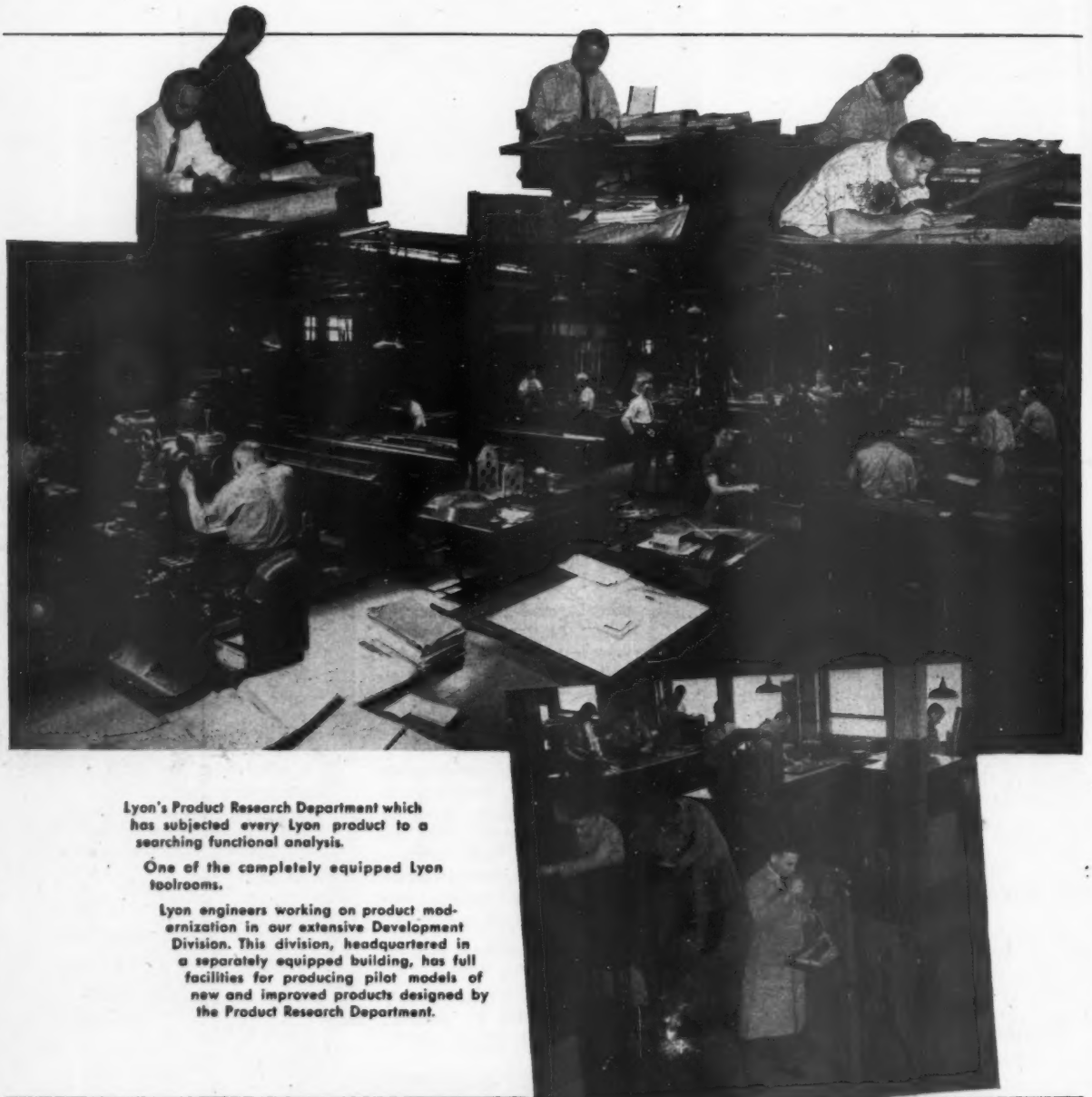
A Niagara-type locomotive equipped with the Franklin system of steam distribution through poppet valves to the cylinder is now under test by the New York Central R. R.

The Franklin system employs multiple exhaust and inlet valves of the poppet type, similar in principle to the valves in an automobile engine.

The new locomotive will be tested under road conditions against Niagara coal-fired, steam-powered locomotives having conventional piston-type valve operation.



46 YEARS OF
ENGINEERING



Lyon's Product Research Department which has subjected every Lyon product to a searching functional analysis.

One of the completely equipped Lyon toolrooms.

Lyon engineers working on product modernization in our extensive Development Division. This division, headquartered in a separately equipped building, has full facilities for producing pilot models of new and improved products designed by the Product Research Department.

Adjustable Shelving • Tool Storage Units • Lockers and Locker Racks • Bar, Pipe and Rod Units
Work Benches • Gravity Conveyors • Drawing Tables • Tool Stands • Tool Cabinets
Flat Drawer Files • Wardrobes • Storage Cabinets • Filing Cabinets • Stools • Desks
Folding Chairs • Shop Boxes • Bench Legs • Sorting Files • Kitchen Cabinets • Ironing Tables

XUM

and PLANNING

"KNOW-HOW"

Back up Today's Production of

More and Better



LYON

METAL PRODUCTS

Lyon's program for greater and more diversified production extends far beyond plant and machinery expansion at Lyon factories.

Every item in the Lyon line has been subjected to critical analysis by Lyon plant and field engineers. Correlation of data on customer needs and production facilities has been used as a basis for modernization in both design and construction that sets new standards for efficiency and economy. Maximum production of these greatly improved pre-war Lyon products and several entirely new ones (see list at bottom of opposite page) still await a normal flow of raw materials. But, output is mounting. And ample additional modern plant facilities are ready to "roll."

LYON METAL PRODUCTS, INCORPORATED

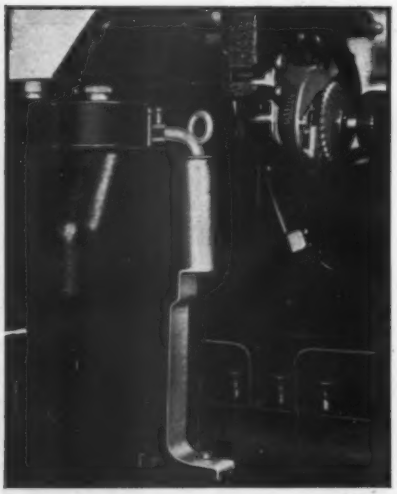
General Offices: 710 Monroe Avenue, Aurora, Illinois

Branches and Dealers in All Principal Cities

NEW PRODUCTS

Ribbon Reviver

A means of continuing office machine ribbons in use after impressions become pale but fabric remains intact has been



developed by O. W. Markes, 14923 Cloverlawn Ave., Detroit 21, Mich., and is being marketed under the name Markes' Ribbon Re-Inkers.

The device consists of a reservoir mounted on each side of the machine, from which a wick is directed against the ribbon guide rollers as the ribbon unwinds from the spools, applying a special penetrating ink. Michigan Consolidated Gas Co., Detroit, found that by using these devices it was able to reduce an average of 95 ribbons used monthly to an average of less than nine.

Masonry Saw

A portable dustless masonry saw for cutting tile, brick, and concrete block on the job has been recently developed by Champion Mfg. Co., St. Louis. Saw, cutting platform, belts, and motor are mounted on a stand with removable legs. The 2-hp. Fairbanks-Morse electric motor weighs only 72 lb., thus holding down total weight The device incorporates a self-contained water system and a circulating pump, belt-driven from the motor, which through a concealed nozzle sprays a fine mist over the cutting surface, preventing dust clouds and cooling the circular blade. The blade is available in several degrees of hardness for various brick and tile products, including a diamond blade for cutting fine aggregates.

To reduce operator fatigue, the saw is designed with a conveyor cart, which is pushed through with steady pressure. A spring oscillator, on the blade mounting, alternately applies and relaxes the cutting pressure. The blade is completely inclosed in a metal housing.

THINGS TO COME

A new device, which adapts railway block signaling principles to radar beacons, will flash red or green lights in the cockpit as a plane moves through various beacon zones, showing whether the "block" ahead is clear. The equipment is so designed that the pilot receives no signal rather than a faulty indication if any part of the system fails to operate properly.

• New York subway train destination markers will utilize fluorescent paint and be activated by recessed "black" lights in new cars now on order. Different fluorescent colors will be used for each division, so that the sign will give the passengers color indication of destination. Other new uses for luminescent materials are plastic-coated fabrics for handbags and shoes.

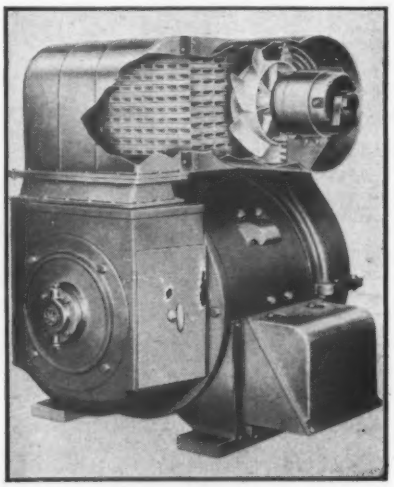
Punch Press

Designed by Barnes & Reinecke, Chicago, the Oshkosh (Wis.) Bell Machine Co.'s punch press is available in five sizes from 25 to 125 tons. Features of the new press design include a tilting head adjustable to an angle of 30 deg., oversize slides for improved alignment, and a cast frame of semisteel. Crankshaft main and throw bearings are alloy bronze. Flywheel idle mechanism is mounted on prelubricated Timken bearings. Drive plate, which is replaceable, is of hardened alloy steel, recessed and dowelled into the flywheel. All sizes of the press are identical in design and appearance.



Unit-Cooled D-C Motors

Feature of the new line of motors designed by General Electric Co., Schenectady, for operation in severe atmospheric conditions is a dual ventilating system, having a compact unit cooler which operates on a principle similar to that of an automobile radiator, but uses air instead of water for cooling. The cooler has two sets of



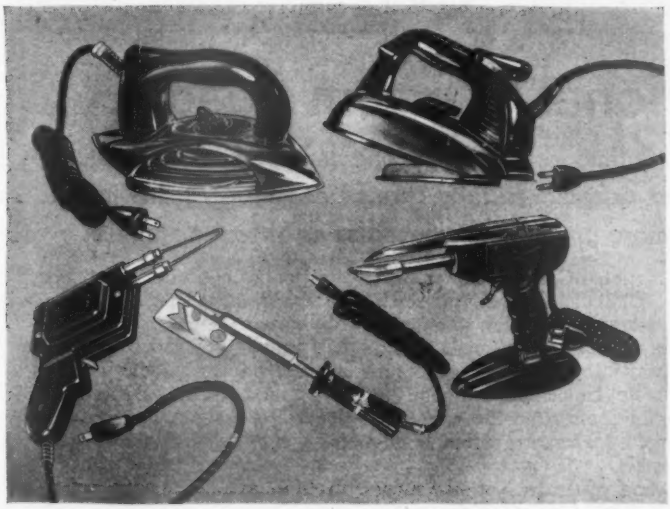
air passages at right angles. A fan on the motor armature circulates air through the motor and through one set of passages, forming a completely inclosed system. External air, maintained at a constant rate of flow by an auxiliary motor and fan, travels through the other set of passages and absorbs heat from the inclosed system.

A thermostatic relay in the airstream of the inclosed system protects the main motor in case of failure of the auxiliary motor power supply or accidental restriction of the air intake.

The new motors, furnished in 15-hp. to 200-hp. size, are furnished with either ball- or sleeve-type bearings, depending upon service requirements. Ball bearings are completely inclosed in dust-tight and grease-tight cast-iron housings having ball-type pressure fittings and a pressure-relief greasing system. Sleeve bearings have a special spiral grooving with ring oil lubrication. Constant speed motors in the new line are available with shunt, stabilized shunt, or compound windings. Adjustable speed ratings are shunt or stabilized shunt wound.

XUM

FIVE BRANDS OF "IRONS"— ONE BRAND OF PLASTICS



These five electric irons — made by five different manufacturers — obviously differ from one another. Even the two "home" irons are dissimilar . . . each embodying its own special features.

The three soldering irons, of course, are vastly unlike, as you can easily see. However, all five have one thing in common . . . molded Durez handles. Why?

Special Properties Required

Heat resistance, of course, is absolutely essential. Dielectric strength is another property which these plastic handles must possess. Then there are several other characteristics — impact strength, pleasant "feel," and excellent moldability — which are also necessary to meet the exacting requirements of the manufacturers.

Durez Phenolics Are Versatile

All these properties . . . and many more . . . are inherent characteristics, in varying degrees, in every one of the more than 300 Durez phenolic molding compounds which have been scientifically developed during the past twenty-six years. They account for the wide use of Durez throughout the electrical manufacturing industry.

The manufacture of such products as radios, electric toasters, vacuum cleaners and telephones, for example, consumes many tons of Durez annually. Therefore, when it's a matter of handles . . . or any of a thousand-and-one other items which require a really versatile material . . . make it a point to look to Durez first.

Experienced Assistance Available

A staff of experienced technicians plus a wealth of proved product development data, are available at all times to you and your custom molder. Durez Plastics & Chemicals, Inc., 27 Walck Rd., N. Tonawanda, N. Y. *Export Agents: Omni Products Corporation, 40 East 34th St., New York 16, N Y*



PLASTICS THAT FIT THE JOB

FINANCE (THE MARKETS—PAGE 110)

National Gypsum Reaches Out

Buffalo company, second largest in field, completes big financing program to take care of expansion. Plans include new plants, more products, increased sales of raw materials.

When National Gypsum Co. of Buffalo sold $8,000,000 of common stock recently, its largest operation to date in Wall Street's new issues market, the company was just coming of age as far as years were concerned—although it had been for some time the country's second largest maker of gypsum building materials.

Twenty-one years ago National, now almost a $40,000,000 enterprise, actually represented nothing but a new idea for wallboard, a newly discovered gypsum mine, and three small businessmen endowed with enthusiasm, ambition, and a faith in the new product they intended to manufacture.

• **Baker Is Mainspring**—The founders were Joseph F. Haggerty, developer of a radically new method for making a lighter, stronger gypsum wallboard; Clarence E. Williamson, who had just located a promising western New York gypsum deposit; and Melvin M. Baker, for years sales manager of the now defunct Beaver Board Co. until, as he puts it, "the bankers took over and fired me."

Haggerty and Williamson, however, didn't live to see the heights their company was destined to reach. National's climb to its present prominence in one of the nation's most competitive industries has been primarily due to the energy, initiative, imagination, and daring of Baker, its president since 1926.

• **Emphasis on Planning**—Baker, born in the east Tennessee mountain country and bequeathed both caution and daring by his Scotch-Irish ancestry, has never been one to rest on his oars. Ever since National was organized his mind has been constantly fixed on its future; on exploring the desirability of building or buying modern plants to serve already important, or potentially valuable, consuming areas; on expanding already-owned facilities; on research; and on adding new products to diversify his company's line of Gold Bond trademarked merchandise.

National's first plant was built at Clarence Center, N. Y., with funds supplied by its founders and the proceeds of stock sold around Buffalo. Its new product proved an immediate success, and by 1927 the company was able to sell more stock to finance the erection of a similar plant adjacent to new gypsum deposits discovered in Michigan.

The next year the company acquired a manufacturer of lime products. This was only a starter. Between 1933 and 1938 National took over six more corporations including one larger than itself. By 1938, it had a plant of its own in Mobile turning out fiber insulation board.

• **Plants Near Supplies**—None of these steps represented a hasty move. All were carefully designed to achieve specific aims. Baker's primary desire was to acquire (1) complementary building supplies which would fit nicely in National's Gold Bond line, and (2) a string of modern plants located near supplies of raw materials and not too far away from major consuming areas so that customers could be served quickly and at low cost.

By 1938 the company had become second largest in its field, and the owner of plants, mines, and quarries located in Nova Scotia and eight states scattered between Canada and the Gulf. It also had become a leading maker of metal lath and had added acoustical products, insulating board, and paint.

In 1939 National erected new gypsum plants in Savannah and New York City. The next year it bought a paper mill (paper is an important part of gypsum board), and another limestone quarry. In 1941 it also became a big factor in the rock wool trade by buying a large established operator in that field.

• **Sales Uptrend**—Reflecting this expansion, National's sales by 1941 were exceeding $24,000,000 annually, compared with only $2,030,000 ten years earlier and some $10,000,000 in the 1936-37 boom. Earnings had also climbed steadily. By 1936 profits exceeded $1,000,000 compared with 1932's $231,000 net; and 1939, 1940, and 1941 saw them around the $1,500,000 level.

In 1942 and 1944 the company acquired two more lime outfits. Otherwise, however, Pearl Harbor suspended expansion activities, and the war years saw National concentrating mainly on



BOSTON BUILDS ITSELF INTO A DILEMMA

Harried motorists in crowded Boston had to seek new havens when Greyhound Bus and John Hancock Life Insurance Co. expanded into major parking lots (BW—Nov.3'45,p17). And now on the block bounded by Congress, Pearl, Franklin, and High Streets—where hundreds of drivers find refuge (above)—New England Telephone & Telegraph Co. will soon begin work on a new building. Pivot in the company's $200,000,000 modernization program, the structure will house equipment that will enable individual telephone users to dial their long-distance telephone calls.

production of its regular line of products. Its war sales, according to renegotiation proceedings, accounted for 50% to 55% of all 1942-45 sales.

For over three years, for example, its metal lath plant was solely engaged in turning out steel airplane landing mats. National similarly operated a large Texas bomb-loading plant for the government for three years, made substantial quantities of lime for a government-constructed magnesium plant, and also leased one of its Atlantic seaboard plants to the Navy.

• **War Earnings Drop**—Financially, its part in the war effort proved less beneficial than was the case with many other companies. Not until 1945 did sales exceed their 1941 level. Net profits similarly slumped sharply. They were but slightly over $1,000,000 in 1942, only $956,000 and $817,000 in 1943 and 1944, and rallied only to the $1,000,000 mark in 1945.

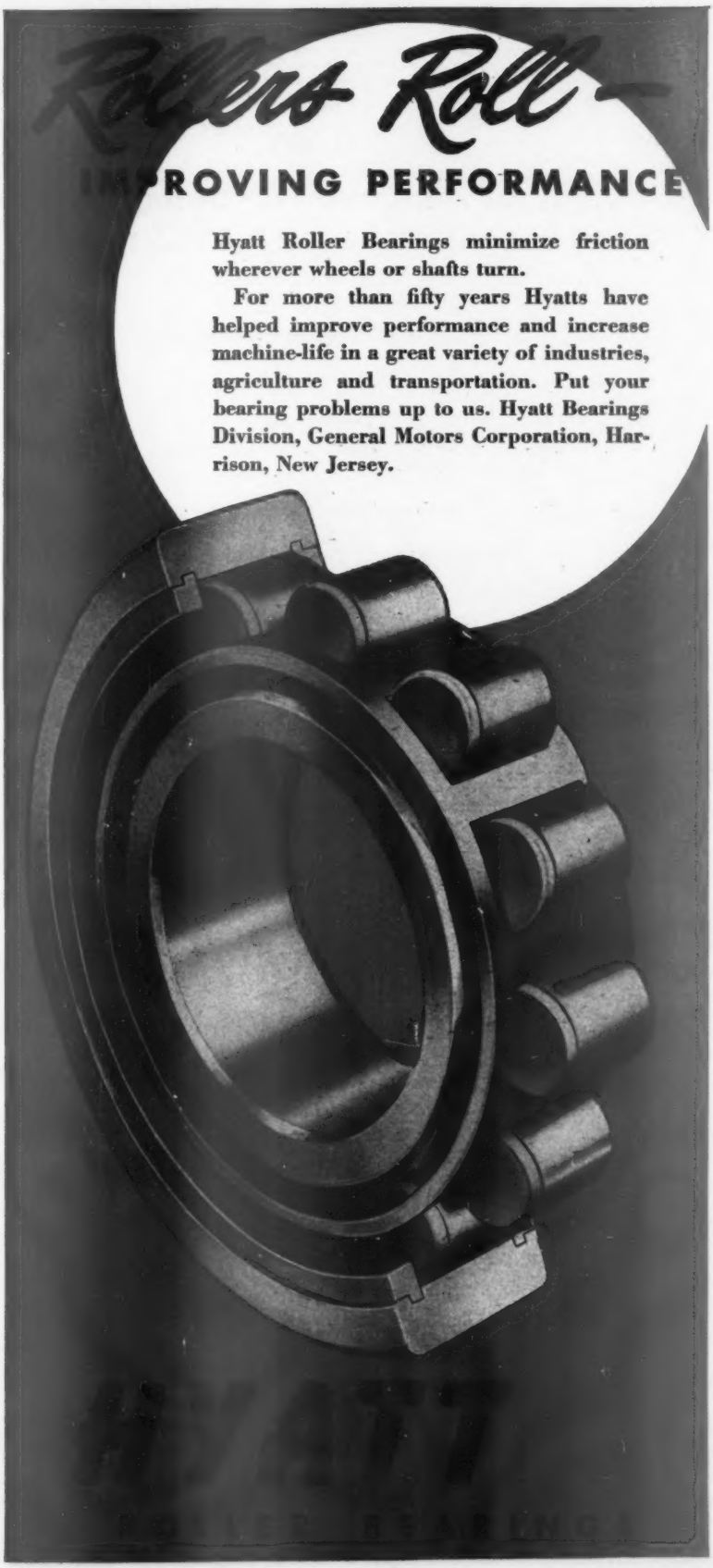
Baker knew during those years, however, that the postwar period should see a feverish market again in building materials. And in his 1943 annual report he reassured stockholders that peace would quickly find their company again "ready and with its greater capacities—even better able to supply its trade."

• **New Expansion Plans**—When V-J Day came Baker was also able to announce the immediate launching of a $16,500,000 postwar expansion project he had designed to double National's prewar output and further integrate, at a cost saving, its extensive network of plant facilities

Since last summer the company has absorbed another rock wool manufacturer. It has also purchased three 10,000-ton vessels to haul its Nova Scotia gypsum to its Atlantic seaboard plants (this is expected to save $750,000 in costs annually), and acquired two additional paper mills Construction of a new $4,500,000 gypsum plant at Baltimore and a $3,000,000 industrial and agricultural lime plant at Kimballton, Va., is under way, or about to be started, a new rock wool plant is planned, and productive capacity of several present plants will soon be increased some 25%.

• **Financing Program**—Much of the company's expansion program (which has finally given it 23 plants in 15 states strategically located to supply all the principal markets east of the Rockies) has been financed through the issuance of new stock to the sellers involved and some cash payments out of company resources.

To finance the start of its current expansion plans, however, National not long ago privately sold a large block of 3% debentures. Since then these bonds have been retired, and some $4,100,000 more of new funds secured, through new financing involving the sale of $10,000,-



XUM

This is under no circumstances to be construed as an offering of these Debentures for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Debentures. The offer is made only by means of the Prospectus.

$50,000,000

Joseph E. Seagram & Sons, Inc.

Twenty Year 2½% Debentures, Due June 1, 1966

Price 99½% and accrued interest

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these Debentures in compliance with the securities laws of the respective States.

Harriman Ripley & Co.
Incorporated

Blyth & Co., Inc. **Goldman, Sachs & Co.** **Stone & Webster Securities Corporation**

The First Boston Corporation **Glore, Forgan & Co.** **Hayden, Stone & Co.**

Kidder, Peabody & Co. **Lazard Frères & Co.**

Merrill Lynch, Pierce, Fenner & Beane **Union Securities Corporation**

Alex. Brown & Sons **Drexel & Co.** **Lee Higginson Corporation**

July 18, 1946.

FINANCING for Higher Production Costs

Far-sighted executives know that new levels of manufacturing costs and production are in many instances going to involve new levels of capital if their corporations are to maintain a fluid financial position.

The time to provide for new capital requirements is *now*, while money rates are favorable.

As investment bankers, Paine, Webber, Jackson & Curtis has for 67 years helped to mould American industrial progress by providing a focal point for capital seeking profitable investment and productive enterprise seeking capital. An early conference with one of our partners may help to solve crucial problems in your financing plans.

PAINE, WEBBER, JACKSON & CURTIS
ESTABLISHED 1879

Members New York Stock Exchange and Other Principal Stock and Commodity Exchanges

NEW YORK BOSTON CHICAGO DETROIT CLEVELAND PHILADELPHIA MILWAUKEE MINNEAPOLIS AKRON CONCORD DULUTH ELMIRA GRAND RAPIDS HARTFORD LYNN PROVIDENCE SPRINGFIELD ST. PAUL WORCESTER



Melvin H. Baker, college lecturer on the side, has spent 21 years advancing National Gypsum Co. from an idea to a $40,000,000 enterprise.

000 2½% and 3% serial notes to an insurance-bank group. Some $1,700,000 of preferred stock has been disposed of privately. Sale of some $8,000,000 of common was completed in recent weeks.

National's sales in the first quarter of 1946 moved up 13%, and its earnings, released from wartime restrictions, skyrocketed 140% to $647,000 from the $281,000 disclosed in the same 1945 period. By May, although labor and material shortages had held down operations to 75% of capacity, sales were running at a $33,000,000 annual rate. Earnings had totaled 87¢ per share on the common stock then outstanding, or 70% more than earned in all 1945.

• **Some Diversification**—The extent of National's success from here on, of course, depends in large measure on the tempo of construction, and whether new building reaches the heights expected (5,000,000 new homes are needed at once, President Truman reports, and John B. Blandford, former National Housing Agency head, sees 12,600,000 needed over the next decade). A possible problem for the company may be the maintenance of satisfactory profit margins.

Baker's company, however, isn't as dependent as it once was on the building industry for its living. Purchases of its basic raw materials by industrial users have been sharply trending upwards, and are now believed to be accounting for as much as 20% of all sales.

Despite National's growth to big business status, Baker has kept it pretty much of a local Buffalo company. Virtually all his assistants have risen through the ranks, and only three National directors are not local residents.

In Resurgent London

The Oldest American Bank



"BIG BEN" still booms from Westminster's storied tower . . . pealing over the Mother of Parliaments in its shadow. Visitors to London today note the marked resurgence in the business and general activity of the capital of the British Empire.

Whether your interest in Great Britain is in business or travel, the Chase, the oldest American banking organization in London, with three centrally located branches, and British correspondent banks throughout the United Kingdom, is admirably equipped to serve you.

Chase officers are in close touch with commercial and financial developments in Great Britain and, as a result, are in a position to be of particular assistance at this time to Americans who have British business interests.

If you have a requirement touching on trade or travel in Great Britain, you are cordially invited to consult our Foreign Department officers.

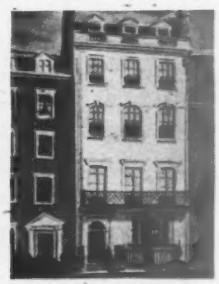
These facilities are also at the disposal of Chase correspondent banks in the United States and often enable them to broaden their own service to customers.



BUSH HOUSE, ALDWYCH—In one of the best known business addresses in London, this mid-town branch of the Chase is also convenient to the social life of the West End.



6 LOMBARD STREET—The main London branch, opposite the Bank of England, is in the very heart of the "City," London's great financial district.



51 BERKELEY SQUARE—This Chase branch in Mayfair is in the center of the hotel, shopping and theater districts of London's fashionable West End.

When in London, make the Chase your financial headquarters.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

HEAD OFFICE: *Pine Street corner of Nassau*

Member Federal Deposit Insurance Corporation

LONDON—6 Lombard Street • 51 Berkeley Square • Bush House, Aldwych

Havana • San Juan • Panama • Colon • Cristobal • Balboa • Offices of Representatives: Mexico City • Cairo • Bombay

THE CHASE BANK: Paris • Shanghai • Hong Kong • Tientsin

THE

NATIONAL CITY BANK

OF CLEVELAND

Statement of Condition

JUNE 29, 1946

ASSETS

Cash and Due from Banks	$103,780,155.83
United States Government Obligations	255,936,934.73
Other Securities	13,595,294.17
Loans and Discounts	96,150,327.97
Investment in Banking Premises	1,665,370.00
Customers' Liability on Acceptances and Letters of Credit	755,906.69
Accrued Interest	1,023,655.04
Other Assets	216,165.75
	$473,123,810.18

LIABILITIES

Capital Stock (625,000 shares)	$10,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	2,785,882.15	$ 22,785,882.15
Reserves		3,160,893.46
Acceptances and Letters of Credit		755,906.69
Accrued Interest and Expenses		1,229,028.81
Deferred Credits and Other Liabilities		458,288.51
Corporation, Individual and Bank Deposits	$290,330,782.92	
Savings Deposits	58,501,354.37	
Trust and Public Deposits	35,337,224.10	
U. S. Government War Loan Account	60,564,449.17	444,733,810.56
		$473,123,810.18

Contingent Liability on unused loan commitments $14,182,239.74

NOTE: United States Government obligations carried at $100,220,606.93 are pledged to secure trust and public deposits, U. S. Government War Loan account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Colorado Harvest

Allen takes big profit on sale of C.F.&I. shares after arranging merger and talking up western industrial empire.

Charles Allen, Jr., head of a big New York City over-the-counter stock and bond house and already reputed to be one of Wall Street's biggest winners in the current bull market, has been cashing in lately on some additional substantial profits he has long had available for the taking.

• **Merger Engineer**—The profits result from his participation in the deal which saw the Rockefeller interests some time ago (BW—Jan.6'45,p20) dispose of their long-held control of the Colorado Fuel & Iron Corp., one of the country's largest producers of steel rails and track accessories, and Allen's simultaneous acquisition of a large block of that company's common stock.

Allen, who immediately became chairman of C.F.&I., was soon instrumental (BW—Jul.7'45,p56) in arranging a merger of that company and Wickwire Spencer Steel Co., of which he was also chairman. Allen, who earlier repeatedly denied that such a combine was being considered, overrode the opposition of certain Wickwire Spencer stockholders.

When the Wickwire-C.F.&I. deal was finally consummated, it was preceded by a 2-for-1 split-up of the latter's common stock. Out of this Allen is reported to have emerged with holdings of well over 200,000 shares of that issue.

• **Bid for Geneva**—Under Allen's management C.F.&I. appeared ambitious to dominate the western steel industry. It was soon busily attempting to acquire the huge government-owned Geneva steel plant, then being operated by United States Steel Corp. There were rumors then also that some sort of a C.F.&I.-Henry J. Kaiser deal might be arranged.

C.F.&I.'s attempts to secure the Geneva plant for itself, however, never bore fruit. Once it was learned that U. S. Steel had acquired Geneva, Allen appeared to lose interest in the Colorado steel company since he seems to have wasted little time before starting to cash in on the large profits available to him on his C.F.&I. holdings.

• **Large-Scale Selling**—Securities & Exchange Commission reports, in fact, disclose that up to recently Allen had disposed of some 139,000 shares of C.F.&I. common, retaining less than 36% of his original holdings. The same source of information revealed that Charles C. Terry of New York, chair-

XUM



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It doesn't take *MUSCLE* to make a Locomotive Crane mind . . . with ENGINAIRED Controls

The ease with which a locomotive crane lifts its heavy load is matched today by the ease with which the operator puts it through its paces. Engin*air*ing made the change.

Instead of a row of levers, the operator manipulates a few W·A·B control valves. A mere touch positions the handles, and brings immediate and positive response from the crane. Because air is doing the job, each operation is smoothed and cushioned, minimizing wear on equipment.

A number of leading manufacturers of cranes offer W·A·B Engin*air*ed controls on their equipment. If you are thinking of buying a new crane, be sure to specify this important new development.

WESTINGHOUSE AIR BRAKE COMPANY

INDUSTRIAL DIVISION

WILMERDING, PA.



WABCO PACKING



AIR COMPRESSORS



PNEUMATIC CONTROLS

XUM



E. W. "POP" Cleveland
The Landing Gear Man

Pioneers for over 50 Years

1894-1946

For half a century, The Cleveland Pneumatic Tool Company has devoted itself to serving many major industries.* Skilled technicians and experienced engineers within our organization have pioneered and perfected many products for each of these fields. Thus initiative and resourcefulness have enabled us to keep abreast of this country's remarkable industrial progress . . . We are proud to have grown with our nation for 50 years, and look forward to serving in the great future that lies ahead.

**CLECO Pneumatic Tools speed production in metal-working plants. AEROLS (the shock absorbing landing gear used so universally on aircraft) insure safe, smooth landings and take-offs. CLEVELAND Rock Drills are widely used in the mining and contracting fields.*

THE CLEVELAND PNEUMATIC TOOL CO., Cleveland 5, Ohio

DISTRIBUTORS IN PRINCIPAL CITIES AND FOREIGN COUNTRIES

CLEVELAND ROCK DRILLS





AEROL RETRACTABLE LANDING GEAR

CLECO AIR TOOLS



CLEVELAND PNEUMATIC

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man of C.F.&I.'s finance committee, had disposed of over 70% of the 20,000 shares of the company's common stock he had owned.

What price Allen originally paid for his share of the Rockefeller interest in C.F.&I. is not definitely known. It is believed, however, to have cost him around $15 a share (some $7.50 a share after the 2-for-1 stock split-up).

Thus, if he received anything near this year's maximum price of $23.75 on the New York Stock Exchange, his profits must have come close to totaling around $2,000,000. Even though their market value has since slumped to around $16, the paper profits represented in the 76,535 shares he still held at last report now amount to well over $600,000, another tidy sum.

• **Enthusiasm Wanes**—When Allen first entered the C F.&I. picture and was trying to acquire the Geneva plant, Colorado sentiment was strongly in his favor. Especially did Allen's reputed "Midas touch" inspire considerable hope that even better days are ahead for Colorado's only integrated steel property. As a result, the Rocky Mountain area was shocked to learn of his recent activity in C.F.&I. shares on the selling side of the market. And it's putting it mildly to say that not many Colorado quarters are pro-Allen these days.

Utility Tax Killed

Ohio cities study income-payroll levy as replacement for revenue measure invalidated as invasion of state field.

Toledo's plan for raising revenue by a payroll-income tax (BW—Jan.1'46, p70) looked more inviting than ever to Ohio's revenue-starved cities when the Ohio Supreme Court held invalid a municipal utility tax levied on users of natural gas, electricity, water, and telephones.

• **Cities Revise Plans**—With the court's decision last week officials at Youngstown, Columbus, Zanesville, Hamilton, and Portsmouth, where ordinances providing for such a tax were in force, started a search for new sources of revenue. A score of other Ohio cities, headed by Akron and Dayton, with similar ordinances prepared for passage but awaiting the court's ruling, turned to the measure now in effect in Toledo, although still untested in the courts.

The Ohio Supreme Court held that the field of taxation on utilities had been preempted by the state. The case was carried to the state's highest tribunal by opponents of the measure in Youngstown where a 2½% tax had been collected, and the total of $400,000 im-

This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

383,819 Shares

Reeves Brothers, Inc.

Common Stock
($.50 Par Value)

Price $26.50 per Share

Copies of the Prospectus may be obtained in any State from such of the several Underwriters, including the undersigned, as may lawfully offer the securities in such State.

Lehman Brothers

Commercial Investment Trust
Incorporated

July 16, 1946

This advertisement is not, and is under no circumstances to be construed as, an offering of this Stock for sale, or an offer to buy, or as a solicitation of an offer to buy, any of such Stock. The offering is made only by the Prospectus; the Prospectus does not constitute an offer by any dealer to sell this Stock in any State to any person to whom it is unlawful for such dealer to make such offer in such State.

100,000 Shares

Dana Corporation

(*formerly* SPICER MANUFACTURING CORPORATION)

Cumulative Preference Stock 3¾% Series A
($100 Par Value)

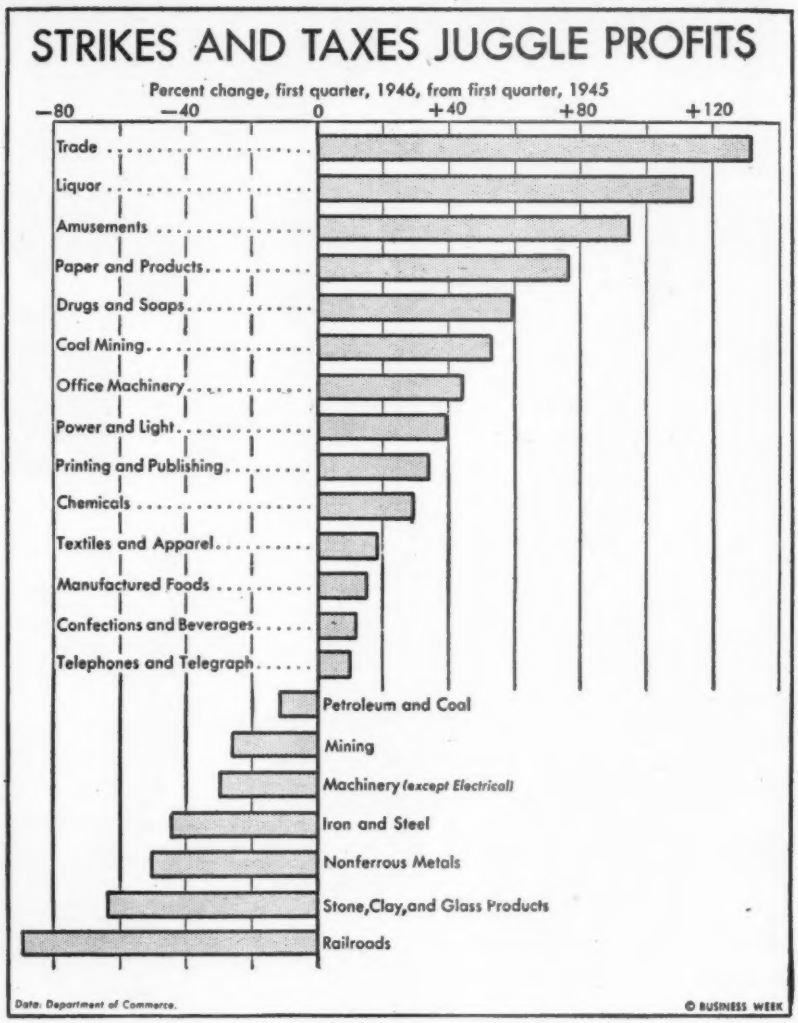
Price $102 Per Share

Copies of the Prospectus may be obtained in any State only from such dealers participating in this issue as may legally offer this Stock under the securities laws of such State.

Merrill Lynch, Pierce, Fenner & Beane

XUM





First-quarter earnings trends offer sharp contrasts. The repeal of the excess-profits tax helped industries with slight reconversion problems attain sharp profit boosts—provided there were no strikes. Coal mining, strikebound in April and May, will present a much sadder second-quarter picture. Strikes and reconversion account for the declines. Automobiles, electrical machinery, and railway equipment—none shown in chart—all turned in deficits.

pounded by agreement, since Feb. 19, 1945.

• **Paid Under Protest**—The problem of refunds is more acute in Columbus since the income from that city's 5% utility tax was spent as fast as it was received. The tax had been in effect in Columbus since Apr. 2, 1944.

The Toledo payroll-income tax levies a 1% tax on Toledo corporations' net profits and all payrolls within the city.

Bitter opposition to enactment of the Toledo tax plan in other Ohio cities can be expected from the locals of C.I.O. However, city officials seem to regard it as preferable to an auto use tax or an occupation tax for the privilege of engaging in a profession, trade, or business within the city.

P. S.

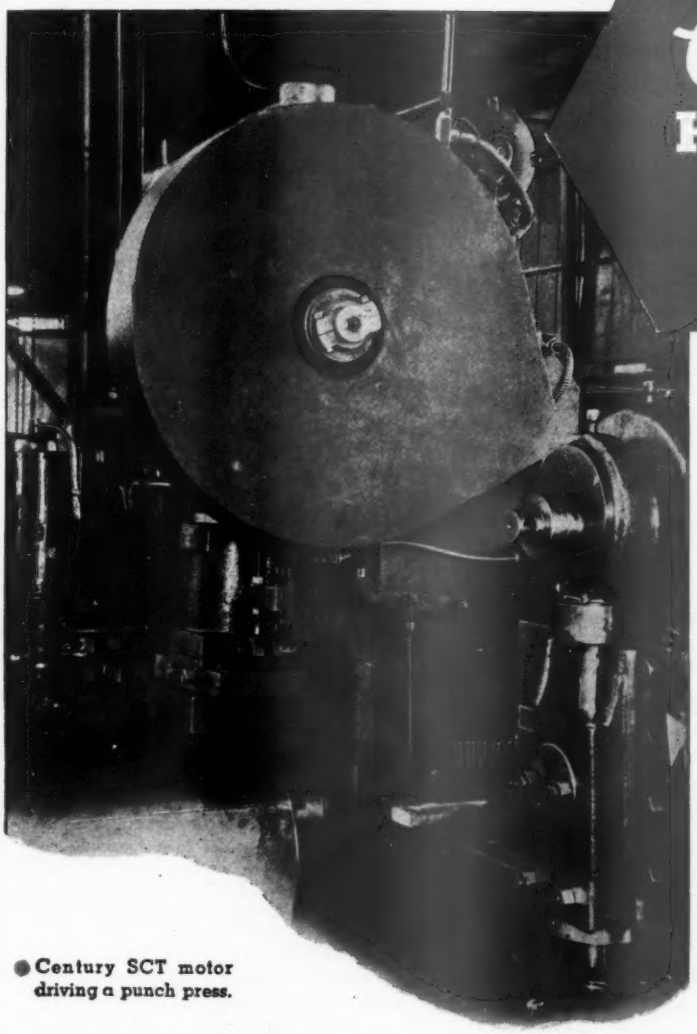
American Broadcasting Co. has received approval for its contemplated financing (BW—Jun.29'46,p46) from the Federal Communications Commission. ABC's sale of 1,000,000 shares of new $1-par capital stock was recently registered with the Securities & Exchange Commission and the offering is expected to hit the new issues market very soon.

The Hoving Corp. (BW—Jun.8'46, p79) made its debut in the new issues market this week with an offering of 495,700 shares of $1-par common stock priced at $23.50 per share. It will use $8,079,000 of the proceeds to pay for the shares of Bonwit Teller, Inc., it is acquiring from Atlas Corp.

XUM

Save Power on Punch Press and Shearing Applications with

Century High Torque, High Slip Motors



● Century SCT motor driving a punch press.

Century high torque, high slip (type SCT) motors cushion the shock of the peak of high impact loads. As the machine reaches the peak of the operating cycle, the motor speed pulls down and the machine absorbs energy stored in the flywheel. Then the motor speeds up again, storing energy for the next cycle.

Century high torque, high slip motors are particularly adaptable to applications where the length of the cycle allows time for speeding up and slowing down.

The use of the high slip motor on such applications results in smoothing out the load curve and saving wear and tear on mechanical transmission equipment.



Specify Century motors on all your electrically powered equipment. Engineered to the functional characteristics of the machines they drive to assure top performance — Century motors are a vital factor in producing a better product at a lower cost. They are built in a wide range of types and sizes from 1/20 to 600 horsepower.

Century C MOTORS

477

CENTURY ELECTRIC COMPANY

1806 Pine Street St. Louis 3, Missouri

Offices and Stock Points in Principal Cities

XUM

One-Stop Supermarkets

Started as outsize grocery stores, food giants now offer patrons an increasing assortment of merchandise, from drugs and cosmetics to hardware and clothing. Fast turnover is the guide.

A new term—the "one-stop market"—is being bandied around grocery-trade circles these days to describe current developments in that depression-born behemoth of retailing, the supermarket. In the term are implications of increased competition to drug stores and other types of retail outlets, and of a new kind of mass retailing for many products which until recently had never been inside a grocery store.

Supermarket operators, who began with foods and other grocery merchandise, have long since branched out into such alien fields as drugs, cosmetics, small hardware, toys, magazines, wines, and liquor. These items not only sold readily but had a higher markup than most grocery products, and their addition generally required no significant increase in selling space or labor costs (BW—Feb.23'46,p80).

• **Diversification Trend**—Super Market Merchandising, a lusty and enthusiastic trade magazine, estimated last year that 37% of the country's 10,000 supermarket units were then handling drugs and cosmetics, with an additional 13% having cosmetic departments alone. Its survey of 2,796 supermarkets in 38 states indicated that as soon as conditions permit, the percentage with drug departments would rise to 56%.

This trend toward diversification was accentuated during the war by scarcities of merchandise and the public's readiness to spend its money for almost anything. Operators—many of whom have only one outlet, or at most a chain of twelve or less—found they could explore any number of fascinating merchandising bypaths. They experimented with new products on a small scale, then expanded the operation if it proved profitable or closed it out at no great loss if it did not.

Progressive Grocer magazine recently documented the same trend in the country's independent grocery and combination stores, in a survey indicating that 49% of them sell drug sundries (from aspirin up), 16% sell kitchen hardware, 7% sell magazines (BW—May11'46,p70).

• **Variety Plus**—An outstanding example of independent supermarket diversification is that of Joe Weingarten, who opened a new "Home Center" a few weeks ago in the basement of one of his 16 Texas supermarkets. It has all the conventional supermarket appurtenances: turnstiles at the entrance, wheeled carts in which customers collect their purchases, and a check-out desk where goods are wrapped and paid for. A few "Information Assistants" (who are also department managers) replace clerks. Sales are recorded by checking day-to-day changes in inventory rather than through individual sales slips. Bulky packages are carried to the customer's car, but there is no delivery.

Weingarten plans to apply the cardinal rules of supermarket merchandising—fast turnover and emphasis on national brands—to a startling variety of merchandise: housewares, major and small appliances, men's and boys' furnishings, infants' and children's goods, linens, glassware and china, electrical goods, men's work clothes, paints, hardware, unpainted furniture, window shades, shower curtains, kitchen gadgets, lingerie, and hosiery.

• **Watchword: Convenience**—Few one-stop market operators have gone as far as Weingarten. But many have experimented with alien items other than drugs and cosmetics, which already show signs of becoming standard. Like such old-hand merchandisers as Sears, Roebuck & Co., these operators are capitalizing on two modern trends: (1) shoppers' inclination to buy as many of their requirements as possible under one roof, and (2) the preference for shopping in outlying districts, where traffic is less congested and parking spaces are plentiful and sometimes free.

Far more typical of the usual supermarket diversification—and, indeed, the highly successful prototype which most operators seek to emulate—is the operation of Food Fair Stores, Inc. This eastern firm runs the country's largest chain of supermarkets exclusively, having grown from two outlets in 1933 to 88 stores now. Currently its sales are running 83% higher than last year's $60,000,000 total.

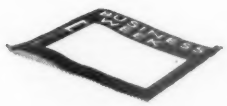
• **Compromise**—Six years ago Food Fair began experimenting with a drug-and-cosmetic department in its Baltimore store. Expensive losses from pilferage soon demonstrated that semiservice (using two clerks in a department that,

Grocers Report on Diversification

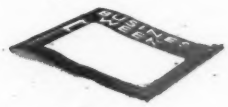
Latest survey to show the extent and character of diversification in grocery stores is "The Independent Grocer—Report No. 2" jointly sponsored by the Natl. Assn. of Retail Grocers and the Saturday Evening Post. Based on a sample of about 1,250 establishments, the study indicates that in 1945 the following types of nonfood commodities were dispensed through independent outlets (figures show percentage of stores handling):

	Percent
Packaged dog food	94
Household electric fuses	61
Electric extension cords	22
Small electrical appliances	13
Light bulbs	88
Furniture polish	96
Floor mops	82
Brooms	96
Fruit jars	91
Fruit jar rubbers	94
Waxed paper	98
Table candles	37
Insect powder, sprays	89
Cigarettes	88
Gift wrapped box candy	48
Bottled cola drinks	95
Bottled ginger ale	88
Ice cream	47
Magazines	9
Aspirin tablets	69
Hair shampoos	60
Hand lotions	57
Toothpaste	68
Toothbrushes	56
Shaving creams	63
Cough sirups	59
Medicated chest rubs	51
Vaseline	67
Razor blades	84
Cleansing tissues	91
Sanitary napkins	81
Packaged stationery	54
Films	14
Camera supplies	5
Beer	24
Wine	12
Distilled spirits	4

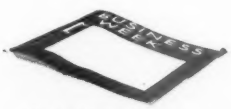
Better than 22% of grocers not now doing so said they were planning to handle film; ice cream, 13%; small electrical appliances, 13%; electrical extension cords, 10%; gift wrapped box candy, 10%; camera supplies, 8%; household electric fuses, 7%; table candles, 6%; magazines, 5%.



fact: In the judgement of advertising men, the audience of this magazine wields major influence in the purchase of business goods, services, and on the opinions of other people.



evidence: In 1945 the total pages of *business* advertising directed to the audiences of the leading general, business and news-magazines were:

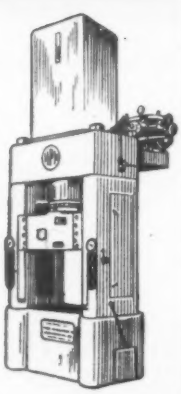
	3610 pages
NEWSWEEK	2059 pages
TIME	1833 pages
U.S. NEWS	1801 pages
FORTUNE	1638 pages

XUM



Exclusive "patented" controls permit H-P-M FASTRAVERSE presses to cycle 40 times per minute at full pressure capacity! This certainly explodes the old theory that hydraulic presses are slow! Not only will H-P-M presses out produce other types of press equipment, but they will do a better job with fewer operations. Why not gain the many advantages H-P-M hydraulic presses offer in straightening castings, forgings, and similar metal parts?

If you are already using hydraulic presses, consider the great reduction in production costs available at these higher speeds. Call in an H-P-M press engineer today. H-P-M presses can be delivered promptly.



THE HYDRAULIC PRESS MFG. COMPANY
Box 25, Mount Gilead, Ohio, U. S. A.
Branch Offices in New York, Philadelphia, Cleveland, Cincinnati, Detroit and Chicago.
Representatives in other principal cities.

HPM Hydraulic Presses
FOR THE METAL WORKING AND PROCESS INDUSTRIES
REVOLUTIONIZING PRODUCTION WITH HYDRAULICS SINCE 1877

under normal full service, would require five or six) was preferable to complete self-service.

Toward the end of 1944 the company began placing cosmetics and drugs (limited lines only), on a self-service basis, in all the rest of its stores, except the 42 in New Jersey, where the state law is so strict that even such items as aspirin and Alka-Seltzer cannot be sold unless a registered pharmacist is employed. Semiservice departments will eventually replace these self-service operations and will also be installed in the 15 additional one-stop markets which Food Fair will build as soon as the construction ban is lifted.

• **Self-Sellers Only**—One standard—fast turnover—governs the variety and brands of merchandise carried. Private brands are out: Every item must be an "impulse" item because there are not enough clerks to sell customers on slow-moving merchandise or unfamiliar brands. The stock turnover rate in these departments is nine times a year, compared with an average of twelve times for the chain's entire operation and eleven times for comparable departments of a typical drug store chain. Fastest moving items are shampoos, baby talc, shaving needs, cosmetics (including cream), and patent medicines, in that order.

Food Fair's experience throws new light on the increasingly bitter controversy over the sale of traditional drug store merchandise in food stores. This is a subject on which trade journals for both factions have loudly beaten the drum for years—with much benefit to their circulations. Out of the quarrel have come state laws (like New Jersey's) restricting the sale of many items such as proprietary medicines and home remedies in nondrug outlets.

• **Direct Purchasing**—In the first place, Food Fair reports that 75% of its nongrocery-store merchandise is purchased directly from manufacturers, thus at least partially refuting outraged cries that supermarkets are obliged to buy drugs and cosmetics through jobbers because manufacturers, intimidated by druggists, refuse to sell them direct. Furthermore, Food Fair says it has assurance that it will be allowed to buy most of the other 25% direct as soon as merchandise shortages are eased.

In the second place, Food Fair estimates that at present drugs and cosmetics account for not more than 6% of the total volume of the stores handling them, and it estimates that such sales would probably never exceed 8% because the variety of fast-moving items is limited. While this indicates a practical limit on the probable encroachment of supermarkets on druggists' traditional territory, it also emphasizes the fact that the items which one-stop market operators stock are the very ones



SCENTS INTO DOLLARS

A new and notable name in the cosmetics business—already laden with notable names drawn from royalty and society—is that of Gloria Morgan Vanderbilt (above), whose New York salon opened last week. Her line of upper-bracket cosmetics (perfume $30 an ounce) includes a couple for women to buy for men, will be on counters of top-notch department and specialty stores by Sept. 1. Advertising is being handled by James H. S. Ellis (left), president of Kudner Agency, Inc.; the business end by Albert Behrens (right), who is the general manager of the Gloria Vanderbilt Corp.

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which are also most profitable for druggists and their principal means of bringing up the general average from slower-moving merchandise.

• **Branching Out**—Even the relatively conservative Food Fair has ventured beyond drugs and cosmetics. It now carries small electric appliances, dolls, and such household needs as electric cords, writing papers, alarm clocks, some cooking utensils, flashlights, and small hardware items.

A catalog order desk was installed experimentally in the Baltimore Food Fair store by Spiegel, Inc., last year, but results have been inconclusive because fully 50% of the orders were returned for lack of merchandise.

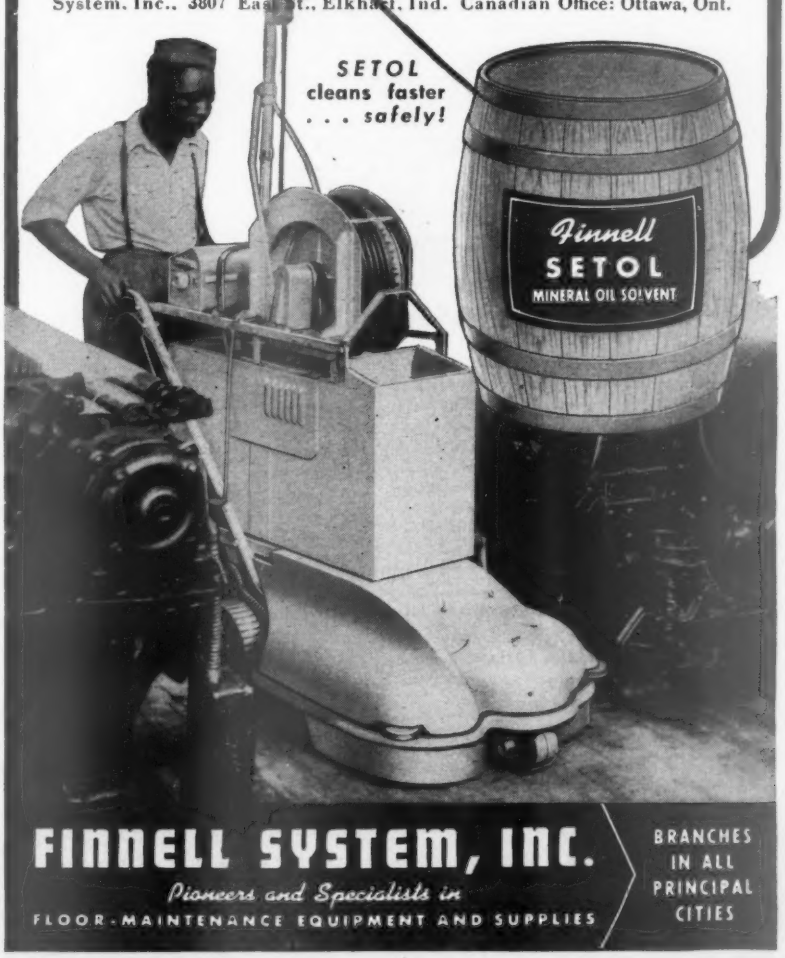
New items which Food Fair is now considering are small radios, household refrigerators, home freezing cabinets, and other appliances—but only if nationally advertised brands can be obtained, to satisfy the No. 1 requirement of fast turnover.

YOUR SCRUBBING MACHINE CAN DO *MORE!*

—when teamed with a cleanser designed for the greater speed of mechanical scrubbing. The machine that is supplied with a cleanser whose chemical action keeps pace with the speed of the machine produces clean floors faster. This cuts operating time of the machine, which in turn reduces labor costs and saves on brushes. Mileage is not piled up needlessly on the machine,- brushes are not worn out prematurely, as when a slow-acting cleanser is used.

All *Finnell* Cleaning Powders are specially compounded for machine-scrubbing. They not only have the necessary speed, but they're *thoroughly safe*—won't harm your floors or your machine. There are six cleaning powders in the *Finnell* line, including *Setol*, the mineral oil solvent for use on mill and factory floors. *Setol* emulsifies grimy oil and grease *instantaneously*. All *Finnell* Powders are produced in *Finnell's own powder mill*. Each is a product of proven quality reflecting *Finnell's* four decades of specialized experience.

For literature or consultation, phone or write nearest *Finnell* branch or Finnell System, Inc., 3807 East St., Elkhart, Ind. Canadian Office: Ottawa, Ont.



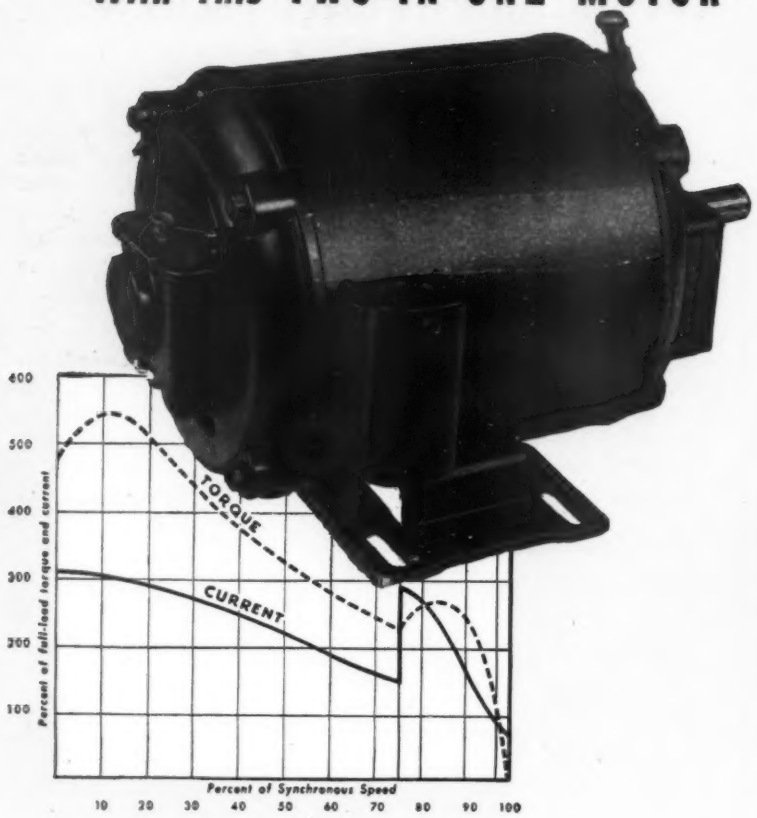
FINNELL SYSTEM, INC.

Pioneers and Specialists in

FLOOR-MAINTENANCE EQUIPMENT AND SUPPLIES

BRANCHES IN ALL PRINCIPAL CITIES

You Benefit Four Ways
With This TWO-IN-ONE MOTOR



Wagner Type RA
Repulsion-Start Induction Motor

The Wagner type RA repulsion-start induction single-phase motor combines the most desirable characteristics of the repulsion type and the induction type for, in fact, it is both types in one: a repulsion motor while starting and accelerating the load, and an induction motor while running. The change-over from repulsion to induction is accomplished by an automatic mechanism built into the rotor. As shown on the chart, this change-over occurs at about 75% of synchronous speed. Thus Wagner RA motors have the desirable features of repulsion motors:

1. High starting-torque enables them to start high-inertia loads and accelerate them smoothly.

2. Lowest starting-current of any type of single-phase motor, therefore least likely to cause light flicker.

And the desirable features of induction motors:

3. Fairly constant and high operating speed at all operating loads.

4. Fairly flat efficiency curve over a wide operating range.

The world over, Wagner type RA repulsion-start induction motors are in strong demand—and the preference for this type of motor is growing rapidly. This versatile motor is not only exceptionally suited for use on practically every type of motor-driven appliance and machine normally utilizing single-phase current, but it is also the *only* choice for a wide variety of applications.

For complete information write for Bulletin MU-185, and address your request to Wagner Electric Corporation, 6460 Plymouth Avenue, St. Louis 14, Mo. (In Canada: Leaside, Ontario.)

Wagner WE Electric
ELECTRICAL AND AUTOMOTIVE PRODUCTS

M46-18

Custom Baking

Success of its Jane Parker shops leads A.&P. to plan for 1,000 units within year. Mass production technique is used.

Many a local supermarket chain is finding that counters or departments for custom baked goods—as distinguished from packaged bakery products—are increasingly worth while. Aware of this, the Great Atlantic & Pacific Tea Co. last year carefully surveyed its baked goods customers to find out what they wanted. The chain is understandably bakery-conscious, since nearly 4% of its prewar profit (1941) came from its bakeries (BW—Apr.6'46, p78), second in size only to those of Continental Baking Co.

• **More Jane Parker Shops**—A. & P. discovered that when custom baked goods are available in an era of higher consumer incomes, housewives reach more readily for a fresh-baked, heavily frosted cake than for a packaged cake, which is necessarily more utilitarian and less glamorously frosted.

Accordingly the chain has installed Jane Parker Bake Shops in 120 of its 4,000 supermarkets in the past year, and expects to increase this to 1,000 within twelve months. About one-third of each Jane Parker department is in self-service shelves for packaged goods; the rest is inclosed counters from which clerks sell fresh pies, cakes, rolls, cookies, and other products made in one of A. & P.'s 37 regional bakeries.

• **Traffic Builders**—The introduction of unwrapped bakery products has increased A. & P.'s output from about 200 varieties to 420, but it is conceivable that packaged goods may be dropped eventually, at least in some areas. For while the chain is not one to disclose its proportionate sales—or proportionate profit margins—on competitive products, it is significant that bakery sales of one supermarket in a highly competitive Bronx (New York City) shopping area jumped 500% after the introduction of an experimental Jane Parker department. Furthermore, the new shops have proved to be effective traffic builders for the entire store.

The piece de resistance of these departments is the catalog order service on 80 varieties of multiple-layer, rococo-frosted cakes, designed for 32 special occasions. This made-to-order baking is not so contrary to A. & P. policy as it may seem, because the chain has devised a mass production technique.

• **Ordered by Number**—Each of the original cakes is baked in the A. & P. bakery laboratory in New York and hand-decorated with flowers, vines,

EMPLOYERS MUTUALS *make* *Insurance easy as* ABC



Free

DICTIONARY OF INSURANCE TERMS

For the first time in the history of insurance, here is a Dictionary of Insurance Terms defining in simple language over 200 words and phrases most commonly used in the insurance field.

Never before have insurance terms been explained in completely non-technical language. Legal phraseology, required in insurance policies, is avoided. Definitions are given in simple English as easy to understand as A B C. Examples are cited to demonstrate the application of these insurance terms.

When you want to understand any subject—chemistry or law or insurance—you must first know the meaning of the terms used. Then you begin to understand the subject itself.

For instance, what is a "Mutual Insurance Company"? The definition from the Dictionary is given in the panel in the center of this page.

FOR INSTANCE: WHAT IS A "MUTUAL INSURANCE COMPANY"?

MUTUAL INSURANCE COMPANY. An insurance company which has no capital stock and is owned by its policyholders. Directors of the company are chosen by the policyholders. All earnings of the company over and above the payment of losses, the operation expense, and the maintenance of proper reserves are the property of the policyholders.

EXAMPLE: Types of "Mutual Insurance Companies" are:

Nonassessable Mutuals. Such companies charge a fixed premium and policyholders cannot be assessed. Legal reserves and surpluses are maintained to assure payment of all claims. Employers Mutuals are of this type and pay dividends to policyholders out of earnings.

Assessable Premium Mutuals. These companies charge an initial fixed premium and if necessary assess policyholders to meet losses in excess of premiums charged.

The Dictionary of Insurance Terms is free. Find out for yourself how these simple, concise explanations help you understand technical insurance terms. There is no obligation. Write today for your copy. Address: Insurance Information Bureau, Employers Mutuals of Wausau, Wausau, Wisconsin.

When you KNOW, you won't have too much or too little

Ask the Employers Mutuals representative to make an analysis of your present coverage. Then you will know whether all your risks are covered or whether you have duplicate coverage at unnecessarily high cost. Such an analysis entails no obligation.

Public Liability . . . Automobile . . . Plate Glass . . . Burglary . . . Workmen's Compensation . . . Fidelity Bonds . . . Group Health, Accident, Hospitalization . . . and other casualty insurance . . . Fire . . . Tornado . . . Extended Coverage . . . Inland Marine . . . and allied lines of insurance. All policies are nonassessable.

Branch offices in principal cities. Consult your telephone directory.

EMPLOYERS MUTUALS of WAUSAU

make Insurance Understandable

EMPLOYERS MUTUAL LIABILITY INSURANCE COMPANY OF WISCONSIN

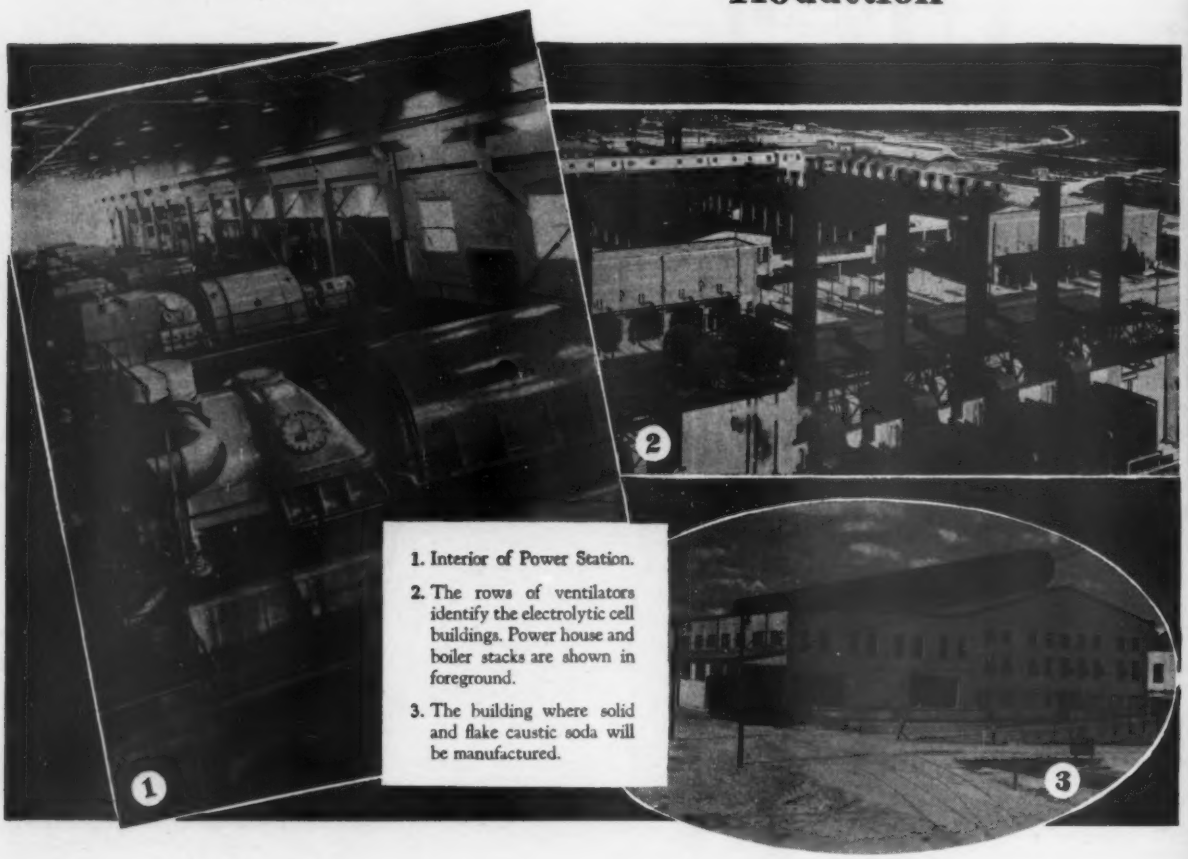
EMPLOYERS MUTUAL FIRE INSURANCE COMPANY

Home Office: WAUSAU, WISCONSIN

XUM

Lake Charles Plant will increase

Caustic Soda—Chlorine Production



1. Interior of Power Station.
2. The rows of ventilators identify the electrolytic cell buildings. Power house and boiler stacks are shown in foreground.
3. The building where solid and flake caustic soda will be manufactured.

Built to make wartime magnesium, "Lake Charles" is being converted to the manufacture of chlorine and caustic soda. While actual production will not start until some time next year, the existence of certain vital facilities permits an earlier start than would be possible by constructing an entirely new plant. "Lake Charles" will be operated by The Southern Alkali Corporation—a Pittsburgh Plate Glass Company affiliate. Located in Louisiana, this plant adds an important link to a cross-the-country group of facilities, all strategically located to serve industry efficiently and economically. This group includes a Texas Plant at Corpus Christi—owned by The Southern Alkali Corporation—and Columbia plants at Barberton, Ohio, Natrium, W. Va., and Owens Lake, Calif.

COLUMBIA CHEMICALS

PITTSBURGH PLATE GLASS COMPANY

COLUMBIA CHEMICAL DIVISION

FIFTH AVENUE at BELLEFIELD, PITTSBURGH 13, PENNSYLVANIA · Chicago · Boston · St Louis
Pittsburgh · New York · Cincinnati · Cleveland · Philadelphia · Minneapolis · Charlotte · San Francisco

COLUMBIA ESSENTIAL INDUSTRIAL CHEMICALS
Soda Ash • Caustic Soda • Liquid Chlorine • Sodium Bicarbonate • Pittchlor *(Calcium Hypochlorite)* • Silene EF *(Hydrated Calcium Silicate)* • Calcium Chloride • Soda Briquettes *(Iron Desulphurizer)* • Modified Sodas • Caustic Ash • Phosflake *(Bottle Washer)* • Calcene T *(Precipitated Calcium Carbonate)*

XUM

XUM



doves, horseshoes or other appropriate furbelows. Then a clay mold is made of these completed decorations, and a copy of it sent to each A. & P. bakery. From this master mold the local A. & P. baker can reproduce the intricate frosting design in jig time and cement it to the customer's cake with thinner icing. Plastic swatches enable him to duplicate the icing color shown in the catalog that is displayed in each shop, along with a few convincing samples.

Thereafter the timorous bride has only to say something like, "I'd like to order No. 62-A," and her wedding cake is ready to be picked up the next day, at from 50¢ to $1.25 a pound, compared with perhaps $2 to $3 a pound for hand-made fancy cakes at local bakeries.

• **Experimenting With Candy**—The A. & P.'s current experiments in expanded candy departments in 20 of its supermarkets also follow lines successfully pioneered by independent grocers; a survey by the National Retail Grocers Assn. and the Saturday Evening Post indicates that 48% of independent stores now carry gift-wrapped box candy, and another 10% intend to add it (page 70).

A. & P.'s emphasis will be on high quality candy, ready-packaged and in bulk, of the type offered by candy shop chains, but at avowedly lower prices. Plans are going slowly because of difficulty in finding skilled candymakers, as well as obvious handicaps like the sugar shortage.

PUBLISHERS OFFER STOCK

Four publishing houses last week offered broader public ownership of their stocks.

Field & Stream Publishing, through the Lee Higginson Corp. (as head of a syndicate), offered 58,800 shares of common stock at $10.75 per share. Representing the first public offering of Field & Stream's shares, the stock is not a new issue but part of the holdings of certain stockholders.

Similarly, Meredith Publishing Corp. offered 129,000 shares of common—also from the account of existing stockholders—at $23.50 per share through Stone & Webster and associates. "Better Homes and Gardens" and "Successful Farming" are Meredith's two major publications.

Street & Smith Publications (Mademoiselle, Charm, Pic) filed with the Securities & Exchange Commission a registration covering 197,500 shares of common, representing a part of the holdings of present stockholders. Glore, Forgan & Co. is principal underwriter.

Conde Nast has called a stockholders meeting for mid-August for a vote on a proposed three-for-one split on outstanding common stock.

THE MARKETING PATTERN

Costly

Seven years ago the Twentieth Century Fund issued a comprehensive study entitled "Does Distribution Cost Too Much?" in which that question emphatically was answered in the affirmative. Pointing out that 59¢ of the consumer's dollar goes into distribution and only 41¢ into production, the study recommended, in part, better labeling, more highly differentiated prices, more cooperatives, and more research aimed at cutting down waste and duplication.

Currently and at the request of the American Marketing Assn., the J. Walter Thompson advertising agency is sending out, gratis, a little brochure by its vice-president, Don Francisco, whose arguments are evident in the title of his writing: "Does Distribution Cost Too Much? . . . *It May Cost More.*"

Francisco impatiently waves aside percentage figures. He argues that as production increases, production costs come down, but distribution costs are bound to rise—percentagewise, at least—because the job of getting the goods from farm or factory into pantry or parlor grows bigger.

Amen

Assume, he suggests, that 75 years ago it cost $750 to produce a certain item and $250 to distribute it, the production-distribution ratio thus being 75-25. Today it costs $250 to produce the same item and $250 to distribute it—a ratio of 50-50. Although distribution costs have doubled percentagewise, the consumer now is paying only $500 for an item worth $1,000 a few decades ago.

Where, says Francisco, does the toying with percentages get you? Obviously, not very far. "The all-important fact," he concludes, "is that distribution cost should be considered as an integral part of total cost, and not dealt with separately."

To this, most marketers will say amen.

Private WPA

The fact remains, however, that as long as distribution generally is a separate entity from the production, some provision must be made for the two to get together to plan "total cost." Otherwise a lot of waste motions may be considered genuine costs, with final prices set to include this doodling.

Indeed, economic and political critics of private enterprise long have maintained that the present system is extremely sloppy by an accountant's standards. They contend that the best that can be said for distribution is that it is a kind of private WPA which—because of its inefficiency—provides jobs for a lot of people who otherwise might not have them. By the same token, runs the argument, prices stay high and production low.

The individual marketer will not have time to fret over this argument, but it obviously is to his advantage to get (1) a product that is right, (2) a sound merchandising policy, and (3) a price that is right. Working without regard to the manufacturer, or even at cross-purposes with him, is ridiculous in a good business sense.

Newcomer

This month a newcomer in the field of major appliances—the Pressed Steel Car Co.—is taking some interesting steps to achieve a more unified manufacturer-distributor-dealer relationship. P.S.C.C.'s plan is this: Retailers will elect representatives to meet with distributors for an airing of their problems and suggestions; distributors, in turn, will name delegates to confer with P.S.C.C. on approximately the same matters. Thus significant topics for policy decision will be carried from the bottom of the pyramid to the top, and vice-versa.

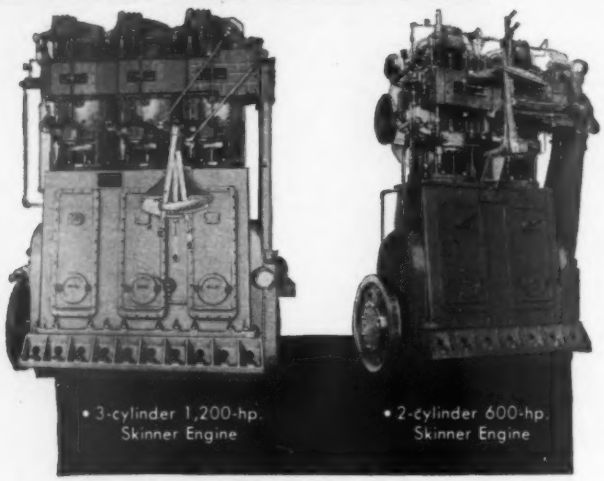
Here is a setup that could provide the opportunity for teamwork and mutual education. Much will depend, of course, on how a good idea is put into practice. But this is one method to make a determination of "total cost" possible and achieve the efficiencies of integration without incurring the drawbacks.

At P.S.C.C.'s first "democracy in business" session, the following topics, among others, were discussed: designs, materials, advertising, promotion, sales quotas, prices, and discounts. Apparently, some of the dealer-distributor ideas were accepted, others diplomatically rejected. Mutual education and cooperation seem to have made a good start.

XUM

FOR THE AGILITY AND *POWER* *that TUGS must have*

SKINNER MARINE UNAFLOW STEAM ENGINES

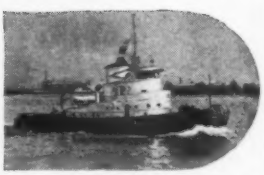


• 3-cylinder 1,200-hp. Skinner Engine

• 2-cylinder 600-hp. Skinner Engine

SKINNER Marine Unaflow Steam Engines combine perfectly the qualities which an efficient tugboat must have—the quick agility of a cat, maneuvering in small space, stopping and starting at the drop of a hat, backing and edging gingerly for position; the strength of the elephant, ready for push or pull, indifferent to heavy overloads, going on and on without letup for repairs or overhauling.

Skinner Marine Unaflow Steam Engines have made an enviable reputation for themselves in war and peace, in harbor and lake, on river and ocean, for low operating cost and unbelievably low repair replacements; unbelievable, but the books are open and the figures are convincing.



"Justine"
Curtis Bay Towing Company



"Edward J. Engel"
Santa Fe System



"Harry A. Marvel"
Meseck Towing Lines, Inc.



Ocean Going Tug (LT)
Transportation Corps, U.S. Army



"Carolyn"
Curtis Bay Towing Company

For Over 75 Years, Doing One Thing Well—Building Steam Engines

SKINNER ENGINE COMPANY, ERIE, PA.

Licensees for Canada: Canadian Vickers, Limited, Montreal

More Putterers

Power-tool makers and retailers expect a big increase in their market as the home workshop's popularity grows.

R. H. Macy & Co., world's biggest department store, is enlarging its selling activities in a commodity that most buyers so far probably don't know or care about—power-driven tools for home workshops.

Behind Macy's move is the belief, shared by an increasing number of manufacturers, that amateur craftsmanship soon will be a much more popular hobby. Optimists predict that in the near future 9,000,000 homes will have workshops of varying size in which amateurs will attempt to do their own repairs, indulge in cabinetmaking, or—what's more probable—just pass the time agreeably doodling in wood, metals, and plastics.

• **No Novelty**—Not that the market is brand new. It has been worked for years by such firms as Power King Tool Corp., Delta Mfg. Co., Walker-Turner Co., and Duro Metal Products—not to mention Sears, Roebuck, which has done a whale of a business with the amateur craftsmen and has a high standing with them.

Like all hobbies, amateur craftsmanship takes considerable time and money. Since both of these requisites are more plentiful now, the market for home workshop equipment is expected to triple its present size, loosely estimated at 3,000,000 hobbyists. That probably would make the market big enough to lure some industrial tool manufacturers, although all of the prospective entrants, for competitive reasons, are very hush-hush about their plans for entering it.

• **Relaxation First**—So far, there are almost no down-to-earth statistics on the hobbyists and their activities. But retailers have observed that the average devotee is a man of the middle-income group and, as in most hobbies, there is no correlation between skill and enthusiasm. It's the relaxation that counts most to say nothing of the conversation piece angle (with expenditures for equipment justified on the grounds that the tinkering will save a pretty penny on new furniture or home repairs).

Investments range from a hammer and saw to elaborate equipment worth up to $2,000. Retailers say that a putterer who has upgraded himself from the hammer-and-saw stage will not hesitate to pay $35 to $75 for a drill press; $40 to $100 for a 15-inch jigsaw; $50 to $75 for a tilting arbor saw; $40 to $100 for a metal turning lathe; $35 to $75 for a joiner (these re-

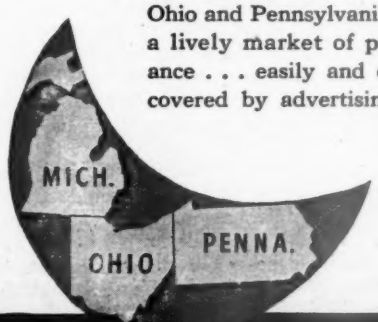


the farmer knows his Onions

...and also his BRANDS!

To farm folks in *The Golden Crescent*, famous brand names and trade marks are familiar guide posts to the types of goods these three million people buy—and are so well *able* to buy.

To manufacturers, *The Golden Crescent*—the rich agricultural states of Michigan, Ohio and Pennsylvania—represents a lively market of prime importance . . . easily and economically covered by advertising.



The brand names and trade marks you see on this page are just a few of those found regularly in MICHIGAN FARMER, OHIO FARMER and PENNSYLVANIA FARMER—the three publications which are all you need to reach two thirds of the *three million* farm folks in *The Golden Crescent*.

Smart manufacturers are reaching this rich potential market through the pages of these well-established family farm papers . . . easily . . . thoroughly . . . economically.

The Golden Crescent

"Your distribution may be national, but your selling is always LOCAL"

Copyright 1946, Capper-Harman-Slocum, Inc.

OHIO FARMER • MICHIGAN FARMER • PENNSYLVANIA FARMER
CLEVELAND DETROIT HARRISBURG

XUM

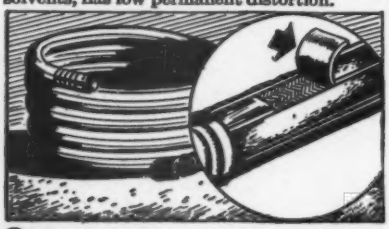
HOW YOU CAN PROFIT FROM NEOPRENE

The Du Pont Synthetic Rubber



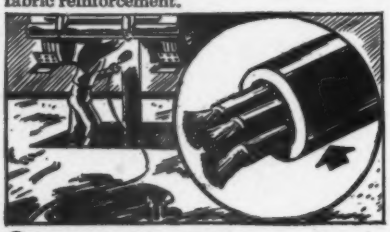
1. Develop a Successful New Product

Example: Variable-diameter tip for shotgun cleaning rod. Fits 10- to 20-gauge guns. Made possible by neoprene, which resists cleaning solvents, has low permanent distortion.



2. Improve a Product to Widen Market

Example: Popular new garden hose, guaranteed for 10 years. Outer cover made of tough, durable neoprene. Resists sunlight, protects fabric reinforcement.



3. Reduce Plant Maintenance Costs

Example: Longer-lasting portable drop cord. Jacket is neoprene. Resists abrasion, sunlight, tearing, crushing, oil, heat. Specify neoprene in belting, gaskets, packings, rollers, tires, etc.

HERE'S WHY DU PONT NEOPRENE DOES SO MANY JOBS SO WELL!

- ★ High tensile strength, resilience, low permanent distortion.
- ★ Tough, durable, resists abrasion and cutting.
- ★ Superior resistance to sunlight, aging, ozone, heat.
- ★ Resistance to deterioration by oils, solvents, chemicals, acids.
- ★ Superior air-retention, low permeability to gases and fluids.
- ★ Special compositions are flame-retarding, static-conducting, flexible at low temperatures.

SEND FOR NEOPRENE HANDBOOK

Tells you about the unique properties of neoprene from which you can profit—in your product or in your plant. Write to Neoprene Section X-7, E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Del.



DU PONT Better Things for Better Living ...Through Chemistry

Du Pont NEOPRENE

The *Versatile* Synthetic Rubber

tail prices include motors). Apparently size, sturdiness, and usefulness of the tools are much more important in influencing the purchases that are made than is price.

• **Distribution**—Hardware and department stores are the normal channels through which the hobbyist does business. Consequently, any additional manufacturers who cater to the market probably will sell through the hardware distributive system (rather than mill supply houses), as well as direct mail. But it will be some time before this market can be fully exploited because of merchandise shortages. Macy's buyer estimates glumly that "it will be fall before we get any reasonable quantity, a year before we'll have stock to sell from the floor—and even then we may not have fractional horsepower motors."

MUSIC SALES GAIN

Publishers of standard sheet music, meeting with retail music dealers at Chicago last week, found only one cloud on a rosy horizon. With instrument sales booming, they expect their sales to keep pace, since every instrument player must have music.

But standard music, unlike popular, is traditionally printed from hand-stamped and hand-engraved plates, and a shortage of skilled music engravers is giving the trade concern. Less than 100 good music engravers, whose age averages about 55, are now available to make new music plates for the country's 15 important music printers. Printers are turning to disabled veterans for new men to train. A move is on foot to get the Veterans Administration to set up a training program for 50 men.

Retail music stores do 80% of their sheet music business in standard music —the semiclassical and classical numbers —and materials that are used for teaching and study.

Dealers ascribe a large part of their increased sales in recent years to the growing popularity of school bands and orchestras, and to expanded music teaching in the public schools. Retail sheet music sales in many cities run around 30¢ to 35¢ a year per capita.

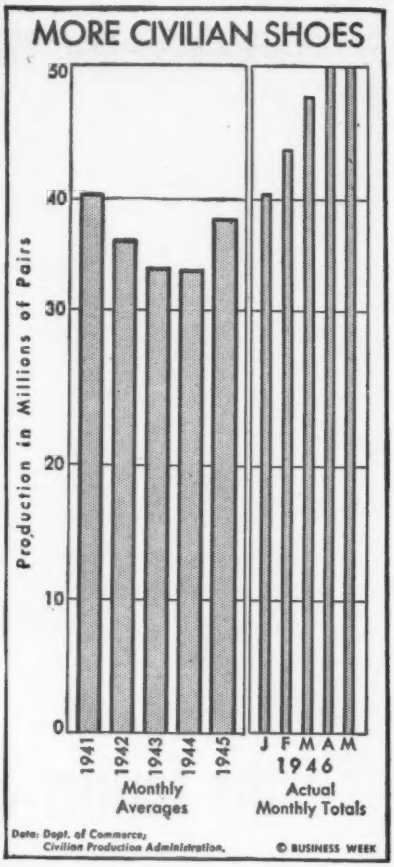
Music dealers and instrument makers agree that the popularity of the radio and phonograph have helped rather than hurt their business. More people hear good music than ever before, and more of them want to learn to play some instrument as a result, they say.

WORLD CALENDAR BOOST

The convenience of having every year statistically comparable with other years has prompted the Newspaper Advertising Executives Assn. to indorse the perpetual World Calendar which, since 1930, has been promoted by the World Calendar Assn., a nonprofit organization.

Partly as a result of that indorsement, a bill was introduced in the House of Representatives last week providing for U. S. adoption of the system. Under it the year would have four 91-day quarters, each with three months (named as they are now) of 31, 30, and 30 days respectively. The 365th day would become a year-end holiday, to be known as United Nations day, and the 366th day of leap years would be a similar holiday at midyear. Thus the same date would always fall on the same day of the week; and holidays, except for certain movable feasts, would be similarly fixed.

The association claims that its calendar has been indorsed by 14 nations since its presentation by the Council of



Shoe manufacturers are boosting civilian shoe production to record levels. Continuation of present production trends will bring the 1946 total to the previously unheard of figure of 600,000,000 pairs. However, skyrocketing hide prices in the world market, which followed the termination of international hide control on June 26, mean higher shoe prices.



This Power is at Your Command

IF YOUR INDUSTRY is overshadowed by heavy production costs and a decreasing profit spread, Foxboro may be able to help you *through increased efficiency.*

Supernatural? Positively not . . . it's a matter of applying the full capabilities of automatic instruments to process control . . . through better and more accurate instrumentation of manually-controlled industrial processes . . . or through the conversion from manual to automatic control by instruments with the resultant elimination of spoilage and lost time.

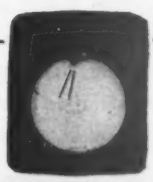
The increased efficiency achieved through Foxboro Instrumentation is reflected by greater output at lower cost . . . a vital factor today in offsetting rising costs and lower profit spread. It's far-reaching benefits have been demonstrated in many leading industries including petroleum, textiles, food, foundry, metals, ceramics, paper, gas and others.

Foxboro's ability to solve control problems effectively comes from more than thirty years of practical experience in the field as well as the scientific knowledge and research of its engineers. This ability is available to help you analyze your processes wherever temperature, pressure, flow or other variables are concerned in efforts to step up efficiency. Write **The Foxboro Company, 120 Neponset Avenue, Foxboro, Mass., U. S. A.** Branches in principal cities.

FOXBORO *Instruments*

REG. U. S. PAT. OFF.

RECORDING • CONTROLLING • INDICATING



XUM

for more MILES per gallon



GET Pedrick "HEAT-SHAPED" PISTON RINGS

WHY? Because "Heat-Shaping" gives you your best assurance of more miles per gallon, lower oil and repair bills, greater power and pep, and longer engine life. And *only* PEDRICK rings are "Heat-Shaped." WILKENING MANUFACTURING CO., Philadelphia 42, Pa. *In Canada:* Wilkening Manufacturing Co. (Canada) Ltd., Toronto.



A FEW MORE DUTIES

Purchase of Chicago's Boston Store by a syndicate for about $9,000,000 (BW—Jul.6'46,p48) means another big retailing job for Edgar L. Schnadig (above). He becomes president and general manager of the new company, continuing simultaneously as chairman of the board of Alden, Inc., mail-order firm which has no connection with the Boston Store. As his assistant Schnadig will have Frank Kohn, formerly with Sears, Roebuck & Co., Goldblatt Bros., and Alden's, whose title is executive vice-president and assistant general manager.

the League of Nations in 1937, and it recommends Jan. 1, 1950 (which falls on a Sunday), as the effective date for the United States.

TEXT ON CREDIT METHODS

Because many a salesman's customers were placed on a quota during the war, the amount of credit that would be extended to them automatically got a new, lower ceiling. Now quotas are disappearing, new customers are being born, and financial statements—so easy to obtain during the war as a measure of a company's reliability—are once more becoming private property.

So that salesmen will know how to size up their customers during the coming credit expansion, the New York Credit Men's Assn. last week issued a terse little brochure outlining the ins-and-outs of preparing a credit manual for salesmen. Typical chapters treat

XUM

GOVERNMENT-OWNED

INDUSTRIAL PLANT

FOR SALE OR LEASE

GOVERNMENT OWNED
SURPLUS PLANTS

Kenosha, Wisconsin (Plancor 719)
Nash-Kelvinator

This plant was originally designed for the manufacture of internal combustion engine parts, engine assembly, and testing. The building known as the Assembly Building is readily convertible to light manufacturing in other metalworking projects, or commercial use. This facility is intermingled with lessee-owned plant.

LAND: 11.28 acres.

BUILDINGS: The Assembly Building is one story, consisting of approximately 220,300 square feet. In addition there is a concrete loading platform 12′ x 400′ and a truck dock 22′ x 200′. Concrete floor with wood canopy. The wood roof has removable sections for future monitors. The other building, known as the Test Cell Building, is all concrete including walls, floors, frame, roof. The first floor has an area of 58,300 square feet. There is an addition to this building consisting of two stories, with a total floor space of approximately 145,000 square feet. Pump house, approximately 4,000 square feet.

UTILITIES: Furnished by lessee-owned plant.

TRANSPORTATION: Has siding of Chicago and Northwestern Railway.

CREDIT TERMS MAY BE ARRANGED FOR THE PURCHASE OF THIS PLANT

The War Assets Administration, a disposal agency, invites proposals for the purchase or lease of the above property in the interest of continued employment. This plant was acquired by an agency of the Government for production in the war effort, and is now, or shortly will be, declared surplus to Government needs. Listing of this plant by name of lessee is for identification purposes only, and has no connection with the lessee's own plants or facilities. General information is available from your nearest War Assets Administration office. For specific data contact the office indicated below. All data contained herein are necessarily abbreviated and subject to correction. They are not intended for use as a basis for negotiation. War Assets Administration reserves the unqualified right to reject any or all proposals or offers received for the above property.

Address all inquiries and proposals to:

WAR ASSETS ADMINISTRATION

OFFICE OF REAL PROPERTY DISPOSAL

208 South LaSalle Street, Chicago 4, Illinois

Phone: State 0800

653

XUM



that can be handled and worked in 20 minutes

WOOD-LOK* challenges all wood glues! It is the only type of resin glue that can be handled and machined after a clamping time of 20 to 30 minutes *instead of 6 to 8 hours!* It sets with a speed comparable with hot animal glue.

WOOD-LOK* is cold run. Its bonding quality is never weakened by constant reheating. It's a liquid — *ready for use.* Nothing has to be added, soaked, heated.

WOOD-LOK* does not harden in the pot. Its characteristics never change during shipment, application or use. Its storage and working life is months — not 3 to 4 hours.

WOOD-LOK* eliminates 'chilled' joints. No need to heat the glue . . . to heat the wood . . . to heat the room above a comfortable working temperature.

WOOD-LOK* is durable. Humidity changes will not cause it to embrittle. It remains resilient — and never forms a rock hard abrasive film to dull saws and knives.

Amazing? There's nothing else like it. It'll shorten your assembly lines, free floor space, speed production, stop glue waste, produce stronger and more durable finished woodwork.

What's the color range of WOOD-LOK* glues? From uniformly controlled pure white *which dries colorless . . . leaves no glue line* to darker shades designed for specific uses.

WOOD-LOK* is made by National Adhesives — a specialist for half a century in all types of industrial adhesives and a pioneer in the development of synthetic resin adhesives. It's a wartime 'RESYN' development.

WOOD-LOK* is available — NOW! Address: National Adhesives, 270 Madison Avenue, New York 16; 3641 So. Washtenaw Avenue, Chicago 32; 735 Battery Street, San Francisco 11; and other principal cities. In Canada: Meredith, Simmons & Co., Ltd., Toronto. In England: National Adhesives, Ltd., Slough.

(*Reg. applied for)

Where to Use
WOOD-LOK* *Glue*

For Joint Assembly Operations . . . where limited clamping time or rub joints are necessary to speed production . . . or where an economically applied, fast setting, durable bond is required to produce:

Radio and Music Cabinets
•
Pencils
•
Display Cases and Cabinets
•
Lock Corner Boxes
•
Dowel Work
•
Caskets
•
Kitchen Cupboards
•
Instrument Cases
•
Ping Pong Tables
•
Suitcase Boxes
•
Wood Patterns
•
Bar and Restaurant Fixtures
•
Wood Novelties and Toys
•
Humidor Boxes
•
Toilet Seats
•
Picture Frames
•
Wood Trays
•
Bookcases
•
and other products

National ADHESIVES

EVERY TYPE OF ADHESIVE FOR EVERY INDUSTRIAL USE

relationship between credit and sales departments; value of financial statements; new accounts; collections.

Members of the New York association get one copy of the booklet free, may purchase a second for 50¢.

COSMETIC BAN LIFTED

If estrogenic creams will, as is often inferentially claimed, restore youthful properties to your skin, the state of Louisiana, which has one of the toughest health codes in the country, will no longer stand in the way of your buying them.

Last January the state Board of Health banned the use or sale of all cosmetics containing estrogenic or ovarian hormones, any chemical derivatives of the hormones, or any chemical products with similar properties (BW—Jan.26'46,p84). But effective July 12 the board rescinded the order. Louisiana's new ruling merely provides that labels of such products must bear adequate directions for use and a statement of the quantity of estrogenic ingredients per ounce.

Both Virginia and New York City at one time banned the sale of estrogenic creams but later withdrew the restriction.

P. S.

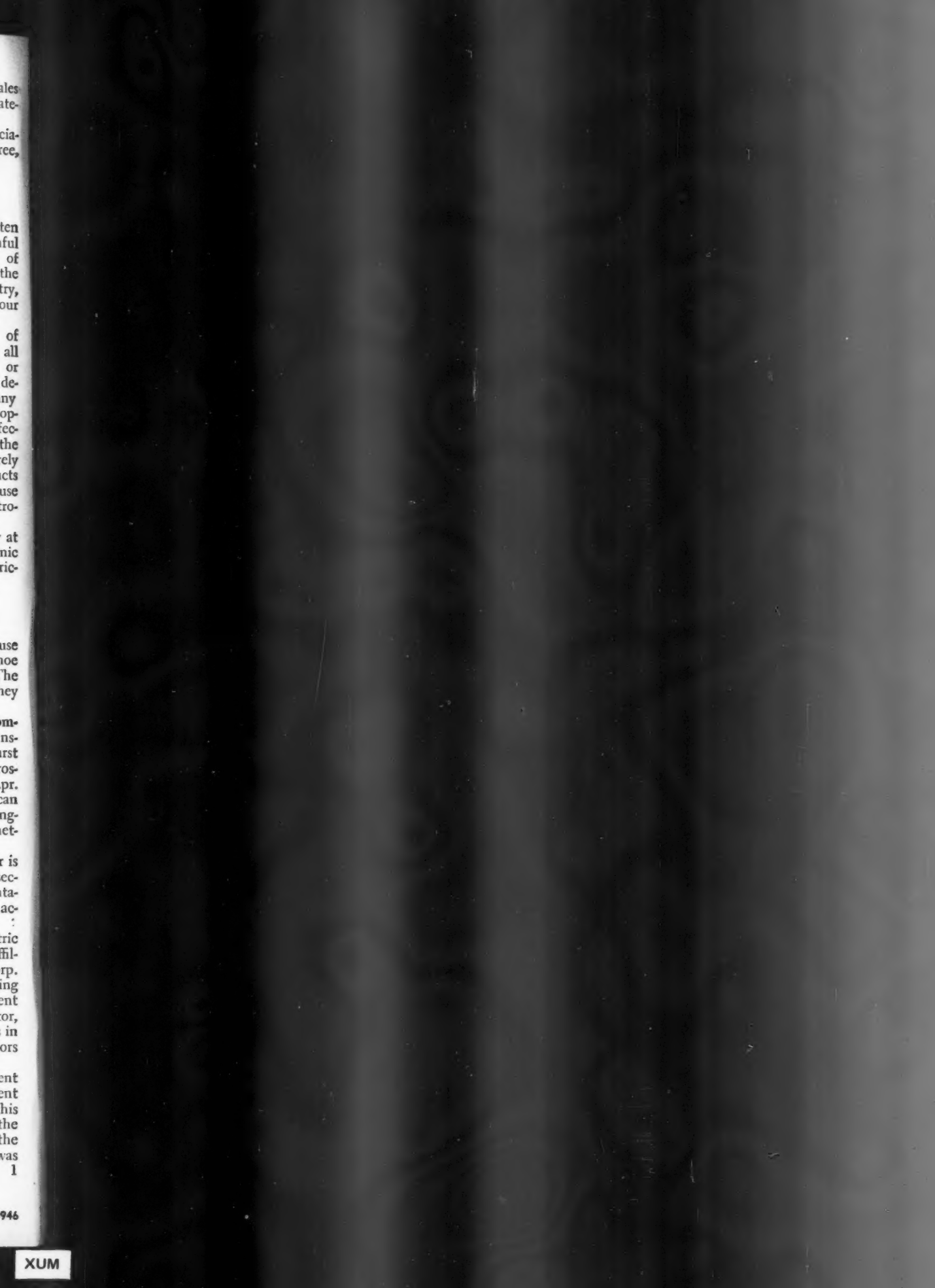
New York City has banned the use of the X-ray devices used by many shoe stores to determine proper fit. The City Health Commissioner said they were potentially dangerous.

The Federal Communications Commission cleared up two important transfers last week: It approved sale of Hearst Radio's WINS, New York, to the Crosley Corp. for $1,700,000 (BW—Apr. 13'46,p104); and authorized American Broadcasting Co. to purchase King-Trendle Broadcasting Co.'s regional network in Michigan for $3,650,000.

The American Federation of Labor is thinking about adding a magazine section to its various papers. It's tentatively labeled "Now," and it will accept national advertising.

Rex Cole, former General Electric distributor in New York and now affiliated with Monitor Equipment Corp. (BW—Feb.9'46,p51), is also bringing out some lines of his own. A recent item is the Rex Cole Air Circulator, a room fan, retailed through Gimbel's in New York. Several Monitor distributors elsewhere are also carrying it.

Merger of the May Department Stores Co. and Kaufmann Department Stores (Pittsburgh) may make this group the No. 2 sales-producer in the department store field. Last year the combined May-Kaufmann volume was $246,400,000. Allied Stores, No. 1 group, had $281,600,000.



XUM

Washing machine agitator molded by Eclipse Moulded Products Company. Speed Queen Washing Machine through courtesy of Barlow & Seelig Mfg. Co.



Melmac Plastic...

meets your customer's demand for color

THIS WASHING MACHINE agitator introduces, for the first time, a shock-resistant, thermosetting plastic in brilliant, permanent color. And *color* helps sell household accessories and appliances because housewives want brighter, more cheerful-looking homes.

During the war Cyanamid developed this special impact-resistant MELMAC molding material in black and brown for hospital trays, food service, and various industrial uses. It was lightweight, chemically inert, odorless, and tasteless, and had superior electrical characteristics.

Today, this same molding material has *color* to satisfy consumer demands. It is available in red, blue, green, ivory, white, brown, and black, for such applications as tableware, food trays, vacuum cleaner housings, refrigerator and stove parts, syrup dispensers, germicide containers, bottle warmers, and many new applications.

We shall be glad to help you plan new products and new business with MELMAC 3020, the new *colorful, impact-resistant plastic.* *Reg. U. S. Pat. Off.

Cyanamid Plastics

Beetle Melmac* Melurac* Urac* Laminac**

AMERICAN CYANAMID COMPANY • PLASTICS DIVISION • 37 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

XUM



PIONEERING NEW TRAILS IN RAILROADING

It's a far cry from early Galena and Chicago Railroad days, when the president of the line spyglassed the tracks for the train's approach—to the great Chicago and North Western Railway system of today.

Like other progressive roads, the North Western pioneered many things. It was the first line built on the present Overland Route, first with permanent railway post-office service, first with Pullman sleepers going west.

Quick to see the advantages in new motive power, this line turned to General Motors Diesel locomotives a full decade ago. They power its famous "400" fleet and the jointly owned Streamliners to the Pacific Coast.

Here, as for 85 major rail lines and heavy industries, GM Diesels have opened new frontiers in de luxe passenger travel, and set amazing new records in the faster, more efficient hauling of freight.

When *whole lines* are 100% GM Diesel, then you'll really see how much their smooth operation, sustained high speed, consistent on-time schedules and low-operating-and-maintenance costs* mean to railroading and to the nation.

When that day comes, commerce, passengers and the railroads themselves will indeed be far into the great new era of modern transportation.

**GM Diesels often operate a million miles in high-speed passenger service before being withdrawn for major overhaul.*

GM
GENERAL MOTORS
DIESEL POWER

ELECTRO-MOTIVE DIVISION
LA GRANGE, ILL.
GENERAL MOTORS

XUM



LABOR

C.I.O. Adopts Wage Armistice

Union leaders favor strategy of delaying new demands until extent of rise in living costs is determined. Buyers' movements and public relations drive will precede next contract showdown.

On the assumption that some kind of price control was about to be reinstituted, the C.I.O. high command last week turned its back on the opportunity which the OPA hiatus provided for initiating the second postwar round of wage-increase demands.

• **Murray's Plan**—The decision to "wait and see" just where the cost of living might come to rest in the next few months was president Philip Murray's prescription, and it was strongly supported by the great majority of C.I.O. leaders. It met token resistance from the left-wing unions which profess eagerness for a new wage showdown before the November elections. These organizations may strike off for themselves, as in the shipping industry (page 98), stampeding other unions willy-nilly into a new wage drive. But it is C.I.O. policy to live by present wage contracts for the time being.

The formulation of this policy should not be taken to mean that the C.I.O. is either content with present wage rates or convinced they can't be raised. On the contrary, rank-and-file pressure for new pay boosts is noticeable, and some labor leaders report that leading firms in their industries would be willing to consider up to 5¢-an-hour raises. But for strategic reasons, Murray and his colleagues will, for the present, damp down pressure from their members and resist the temptation to make midsummer contract adjustments.

• **Behind the Strategy**—The reasons for the somewhat unusual position of the C.I.O. are, typically, based on what appears to be valid trade union considerations. Wage increases which can be secured now without too arduous a struggle would be minimal at best and would have to be paid for with a guarantee of freezing rates at the new level for six months or a year. Meanwhile, the new gains could be washed out by a soaring cost of living and the unions would be precluded from coming back for a second bite at a time when there will perhaps be considerably more to be had.

Fearful that when the cost of living eventually breaks it may drop even more sharply than it has climbed, the unions have rejected a plan which has some support within the government to tie wages to the price index. When it really winds up for second round wage boosts, the C.I.O. will be trying to eclipse the 18½¢ pattern established in the first round and will be writing contracts it expects to hold industry to no matter how badly prices slump.

• **An Eye on the Public**—This is the logical basis for the C.I.O. stand, and it is fortified by cogent psychological factors, chief among them being the strike-weariness of the C.I.O. rank-and-file which might limit enthusiasm for higher pay if it had to be achieved at the cost of extended idleness, and the suspicion in the minds of the C.I.O. leadership that the public already holds it largely responsible for higher prices and that the passage of something like the Case bill might be the bitter fruit of a new strike wave.

Thus the C.I.O. will be coasting, for the present, on the wage front. But the superficial observer will have quite a different impression of what it's about, for the air will be filled with threats and the union halls will buzz with activity. Murray's "Labor Consumer Program" will have the center of the stage. It calls for buyers' strikes, organizational work, and publicity for winning public support for attacks on high cost of living; direct buying by unions of commodities for resale at wholesale prices to their members. Retailers in C.I.O. centers may be in for unpleasant times, but until the wage policy changes employers need have no new worries.

• **Subject to Change**—That policy can, of course, change overnight and when it does the curtain goes up on what can be a strife-filled period that may surpass the first six months of 1946. But until the C.I.O. is ready to risk another such grave encounter, it will be an exceptional incident which disturbs the present unmistakable, albeit tenuous, labor calm.

T.W.U. GETS MECHANICS

A four-way controversy over the right to represent 3,400 mechanics employed by American Airlines, Inc., has been ended by the National Mediation Board's certification of the Transport Workers Union (C.I.O.) as the collective bargaining agent. NMB acted after the mechanics chose T.W.U. by a top-heavy vote (1,811 to its three rivals total of 806).

Court action was brought by another of the C.I.O. unions, the United Automobile, Aircraft & Agricultural Workers (U.A.W.), which claimed that its C.I.O. charter gives it jurisdiction over the mechanics. U.A.W. vainly sought to prevent the election, then to enjoin



Determined to hold the line on wage demands—at least temporarily—Philip Murray (center, seated) has the support of his high command (left to right) James B. Carey, C.I.O. secretary-treasurer, L. S. Buckmaster (rubber), Albert Fitzgerald (electrical), Emil Rieve (textiles) and Jacob Potofsky (clothing). But whether all unions within the C.I.O. will conform to the policy of watchful waiting for a better wage reopening opportunity is an unknown factor.

XUM

THE LABOR ANGLE

Wanted

A shortage of candidates for jobs as labor organizers would seem to be an incredible possibility; the occupation has always had great attractions for workers, intellectuals, and people of diverse types. Despite the fact that financial returns are apt to be modest, the unions haven't had a bit more trouble in filling these jobs than a political party has in finding people willing to be district leaders or ward committeemen.

Hence a two-inch, boxed advertisement in last week's issue of The Nation, a liberal weekly with some circulation in labor circles, may signalize the beginning of a new stage in the occupational status of organizers. Signed by the National Farm Labor Union, it reads:

"Young men, veterans preferred, who have moral and physical courage, who would like to help bring freedom and dignity to oppressed and underprivileged people, who believe in honest democracy and in the fundamental goodness and worth of all the people, are wanted to help organize farm laborers, tenant farmers, and sharecroppers in the South. The wages are small. The opposition is rich, politically influential, and frequently violent. Dilettantes and Communists need not apply."

Jurisdiction

The A.F.L. was so anxious to get John L. Lewis to come home that it broke a long-standing rule at his insistence and put on the shelf the question of what was to be done about the conflicting jurisdictions between his catch-all District 50 and at least a dozen other federation affiliates.

Unions being as jealous of their jurisdictions as they are, that question can't be shelved forever, but so long as District 50 can operate without any limitations or restraint no one looks for Lewis to raise the issue. And the heads of those A.F.L. organizations in fields where District 50 has been active, though they would like to see Lewis fenced in, are reluctant to press for a showdown with the federation's dominant personality.

But there is pressure within the A.F.L. to get down to cases with the miners on this jurisdiction question, and it's being brought to bear on Lewis in a circuitous way. No single union is tangling seriously with District 50—and thus the possibility of a feud between the miners and another A.F.L. international is being avoided—but a string of federal locals is increasingly challenging the expansive operations of the miners in many places.

Federal locals are not attached to any international, but are chartered by the A.F.L. executive council, on which Lewis sits as a member. The council, which meets only four times a year, delegates its authority in such matters to organizers who work for no single international, but for all of them as represented by the council.

Thus, for example, in the upstate New York industrial area—one of District 50's concentration points—the A.F.L. has just chartered two independent unions which have been competing against District 50. They will be rivals of the Lewis locals on NLRB ballots scheduled to be taken soon in Carrier Corp. at Syracuse and in the Binghamton Ansco plant.

District 50 organizers are yelling bloody murder. Enough of that sort of thing may induce Lewis to raise the jurisdiction question himself in an effort to have fixed the area in which District 50 will operate without any A.F.L. competition.

Balanced

Ever-conscious of the right-left split within his C.I.O., Philip Murray came to a Solomon's judgment about the directorship of the P.A.C. when Sidney Hillman had to be replaced. Being unable to take the job himself because of a full load of other responsibilities, Murray named an "administrative head" and an executive committee of four. Of the committee which will serve with Jack Kroll, a clothing worker lieutenant of Hillman, who got the administrative post, two (Julius Emspak of the electrical workers and George Addes of the auto workers) fall in on the left, while the two others (Dave McDonald of the steelworkers and William Pollock of the textile workers) line up with the right. This even division has kept the matter of Hillman's succession from starting a row, but it may have created too fine a balance for vigorous action of the sort the P.A.C. was famous for under the Hillman leadership.

NMB from certifying T.W.U. The auto workers ran a poor third in the election results, with 145 votes.

Other unions involved were the Air Carrier Mechanics Assn., independent union with the support of A.F.L.'s Air Line Pilots Assn., which polled 639 votes, and the International Assn. of Machinists, now independent, which got 22.

The jurisdictional dispute came to a head in New York last October when U.A.W. struck American Airlines and its affiliated American Export Airlines and T.W.U. ordered mechanic members to ignore the picket lines.

Louisiana Curb

Labor leaders plan early court test of new restrictive measure which outlaws violence and wildcat strikes.

Labor leaders in Louisiana, who were unable to block passage of a state law outlawing wildcat strikes, are planning a court test of what they quickly titled Louisiana's "little Case bill" because of its similarity to the federal bill vetoed by President Truman.

• **Equal Responsibility**—When the strike law, signed by Gov. James H. Davis, goes into effect next week, Louisiana will become the 15th state which has sought an answer to the strike problem through state law. Because Louisiana unions have warned that the law will be more harmful than helpful to labor relations, the nearest approach to the Case bill will have close scrutiny.

The new law, introduced as an "equal responsibility" measure, requires that once a contract is arrived at through collective bargaining it must be equally enforceable against and binding on both parties. To this end, strikes are barred if "such strike or stoppage is not approved in advance by the labor organization . . . having exclusive bargaining rights for such employees." Any stoppage by 10% of the collective bargaining unit is defined as a strike; lockouts by employers are similarly barred.

• **Violence Barred**—Both management and union may be sued in state courts for financial losses due to a breach of contract, and either, under the new law, may seek injunctions to enforce contract terms.

The new Louisiana law bars violence or threats of violence by employers or unions seeking to coerce nonstriking workers from exercising their free choice of working or not working during labor disputes, or of entering or leaving their place of employment. It also bans "violence, intimidation, or seizure of property" in connection with labor disputes

XUM

Mile a Minute Merchandise!



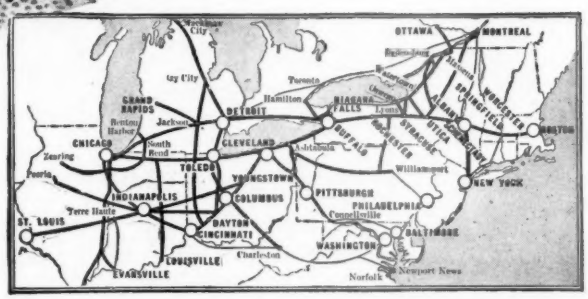
NEW *PACEMAKER* FREIGHT SERVICE

. . . races from dusk to dawn between New York and Buffalo at speeds up to a mile-a-minute. From there, *Pacemaker* cars fan out on other fast freight trains for many midwest points.

Newest reason to choose a "CENTRAL" LOCATION

THE NEW *Pacemaker* Freight Service brings key markets a full business day closer to many a plant and warehouse along New York Central. Yet that's only the newest extension in Central's overnight merchandise service between major cities. It's merely the newest advance in this Railroad's efficient, modern freight transportation. Just one more sound reason for locating your new factory or distributing center in the New York Central territory.

Here you find great markets with 52% of U. S. purchasing power, and great ports handling 80% of Atlantic Coast foreign trade. Here are produced three fourths of America's bituminous coal and steel, plus the world's biggest combination of raw and semi-processed materials. And they're all within efficient, short-haul reach over the modern rail network on which New York Central is now spending $100,000,000 to bring still finer service to your "central" location.



Ask about plant sites on New York Central

The Industrial Representatives listed below have a catalogue of government-owned industrial plants in this area. They are also prepared to carry out surveys to find special advantages you may need. Let them help you find the right spot for your plant or warehouse...a location that will be "central" in every sense!

Industrial Representatives

BOSTON . . .	South Station	A. E. CROCKER
CHICAGO . .	La Salle St. Station .	H. W. COFFMAN
CINCINNATI .	230 East Ninth St. . . .	G. T. SULLIVAN
CLEVELAND .	Union Terminal .	A. J. CROOKSHANK
DETROIT . .	Central Terminal . .	A. B. JOHNSON
PITTSBURGH	P. & L. E. Terminal .	P. J. SCHWEIBINZ
NEW YORK .	466 Lexington Ave. . . .	W. R. DALLOW

In other cities, contact our nearest Freight Agent.



NEW YORK CENTRAL The Water Level Route

Sliced too
to



McGRAW-HILL PUBLISHING

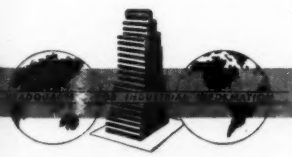
thin

taste it ?

Puny advertising schedules . . . sliced so thin nobody can taste 'em . . . have no place in today's BIG job of advertising your products to industry. And that's not baloney (in spite of what holds the rapt attention of the irate gent over yonder)!

Industry is hungry today and your advertising should have real meat and weight in it to attract your share of customers. Industry is hungry to the tune of about 4½ billion dollars of contemplated investment in plant, equipment, and alterations alone. A market to challenge your best efforts if there ever was one!

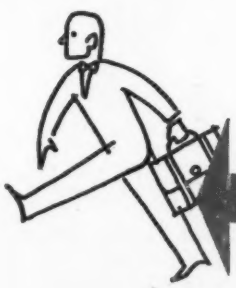
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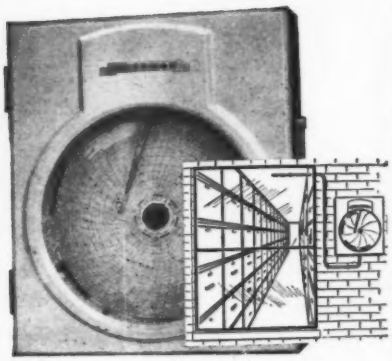


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THE American Frozen Food Locker Room Recorder keeps a continuous time and temperature record.

It enables owners to see that their equipment is functioning properly and economically. Customers may see for themselves the perfect protection given to their foods — which means their word-of-mouth advertising will bring more customers to the locker-owner.

The charts are ten inches in diameter for quick, easy reading and each records a full seven days' operations.

As with all American Instruments, the basic quality of the Recorders is enduring accuracy.

The American Locker Room Recorder meets the legal requirements in all States which have regulations for food locker control.

Write for a circular which describes and illustrates the details of the American Locker Room Recorder.

American Glass, Dial and Recording Thermometers are sold by leading distributors everywhere. Write to them or to us for information.

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Makers of 'American' Industrial Instruments, Hancock Valves, Ashcroft Gauges, Consolidated Safety and Relief Valves, Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties.

or organizational activities. Violators are subject to penalties ranging to $500 fines and 90 days in jail.

Prohibited under the law are any labor-management agreements used to restrain trade or attempt to fix prices.

• **Campaign Failed**—Labor unions, supported in many instances by church and other groups (BW—Jun.29'46,p102), formed a Louisiana Labor Committee of A.F.L., C.I.O., railroad brotherhood, and independent union representatives to oppose the legislation. Particularly distasteful to them were the restrictions on picketing and the dangerous potentialities which they saw in the inclusion of "threats of violence" among illegal activities.

In restricting coverage to companies having union contracts, the Louisiana law differs from Alabama's Bradford Act (BW—Sep.9'44,p100) and the Colorado Peace Act (BW—Dec.30'44,p84) which sought to bar all strikes not approved in accordance with state laws. Both were held unconstitutional.

Prior to approving the "little Case law" for Louisiana, Gov. Davis vetoed a bill of the "right to work" type, outlawing closed shops. He signed another barring jobless pay for strikers.

Design for Unity

Rejecting C.I.O.'s offer, telephone workers' federation moves toward tighter control over its 47 member unions.

In an effort to strengthen its big but loosely knit organization, the National Federation of Telephone Workers is reshuffling its 47 autonomous unions into one broad national union that will admit all workers in the communications field except supervisors.

Ratification of a new constitution, embodying 41 principles approved at last month's Galveston (Tex.) convention, is a practical certainty. The federation will hold another convention before Dec. 1 to vote on the new document.

• **First Step**—The N.F.T.W., which has some 250,000 members doing a variety of jobs, wants to transform itself into a closely coordinated, C.I.O.-style industrial union before giving further thought to affiliation with either C.I.O. or A.F.L. C.I.O. alignment, even with the status of an international union, was rejected by the Galveston assembly. The A.F.L. was reported to have made a less attractive offer of departmental status in the International Brotherhood of Electrical Workers.

A.F.L. leaders interpreted the convention's action merely as reluctance to affiliate at this time with either of the large union organizations. The telephone workers may ring the C.I.O. number at a later date. The structure of a reorganized N.F.T.W. will hardly be conducive to functioning within the craft-minded A.F.L. Its membership runs the gamut of the industry, including telephone operators, office help, construction and maintenance workers, and employees engaged in manufacturing, research, and engineering.



Head of the National Federation of Telephone Workers, articulate Joseph A. Beirne (above) is spokesman for the "Voice With a Smile."

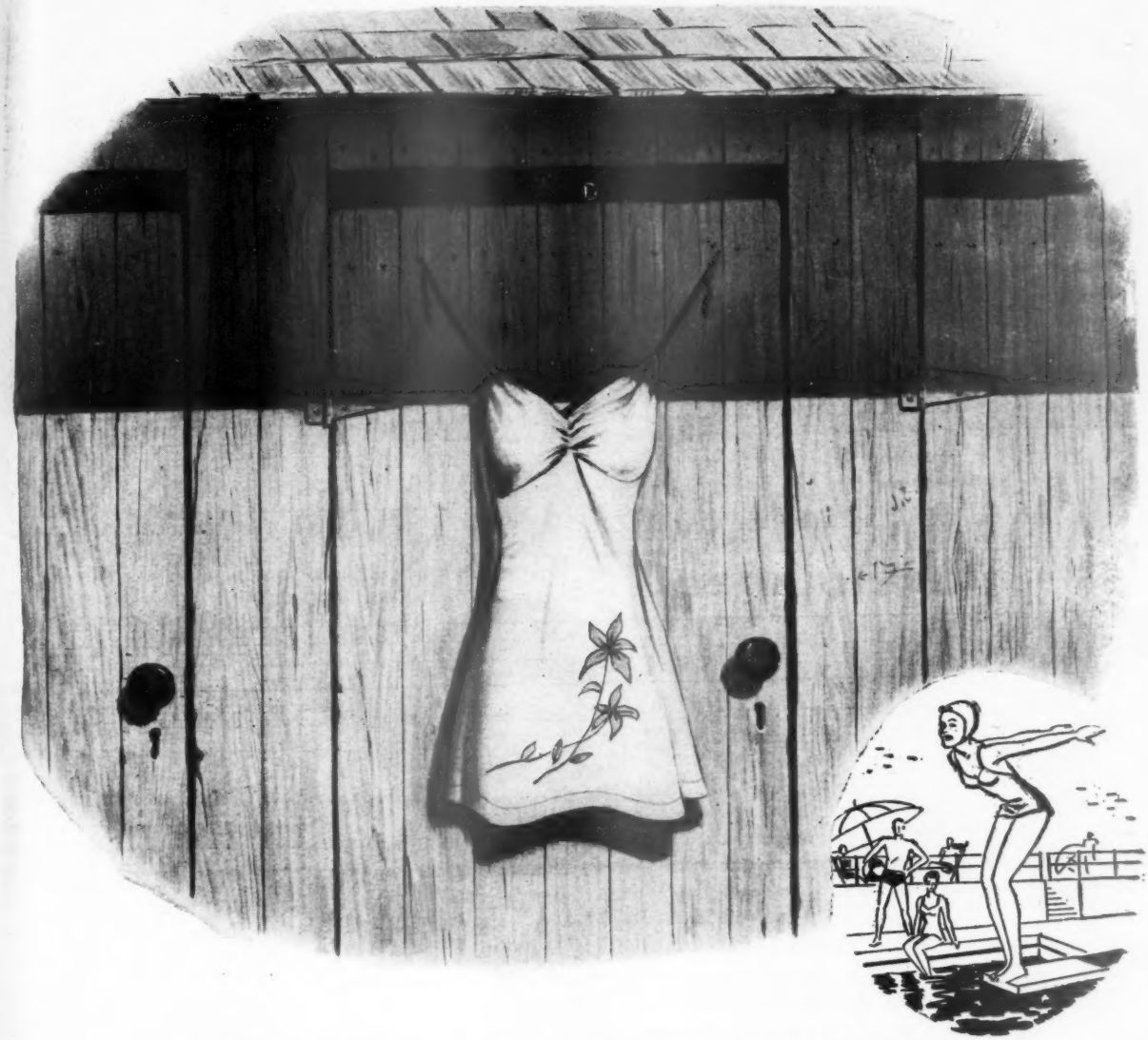
• **New Members?**—Another factor swinging N.F.T.W. away from A.F.L. is the possibility that the National Assn. of Broadcast Engineers & Technicians, an independent union with which James C. Petrillo's American Federation of Musicians (A.F.L.) has been feuding over the radio studio's platter turners, will affiliate with the telephone workers. N.F.T.W. and N.A.B.E.T. have been doing some palavering.

N.F.T.W. also is dickering with the Canadian telephone workers.

Joseph A. Beirne, president for three years, has been a power in the federation since its formation in 1939 as a nerve-center for independent unions in all branches of the telephone industry. Thirty-five years old, Beirne was instrumental in organizing N.F.T.W. after having built up his own local of the National Assn. of Telephone Equipment Workers at Western Electric Co., which employed him in its New York sales department. His salary is $12,000.

• **More Discipline Wanted**—Chief fault found with N.F.T.W.'s old constitution was a provision assuring each member union that its autonomy would "forever remain inviolate." This leaves each un-

XUM



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WHO wants a bathing suit that stretches or shrinks out of shape? Fades? Loses its looks?

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ion free to do what it wants. Last February, for instance, 33 unions refused to walk out in support of the Western Electric strike. Other unions were asked to "resign" for advising their members in connection with the Western Electric situation that they had no dispute with their own companies and to disregard picket lines. The new constitution would change this.

Peace at Macy

Dispute ends after store agrees to make up differences in pay. Sympathy strikers get wages for time off, too.

R. H. Macy of New York, the world's largest department store, was operating in high gear this week after almost a month of being entangled in as complicated a labor dispute as has ever bedeviled a retailer.

It all began when Macy decided to get out of the trucking business and sell and lease its delivery facilities to United Parcel Service (BW—Jul.6'46,p41). Under a ten-year contract, U.P.S. handles all Macy deliveries and will give employment to the 900 employees which Macy had working in its delivery departments.

• **To Make Up Pay Differences**—The 900 Macy deliverymen were members of Local 1 of C.I.O.'s United Retail & Wholesale Workers. U.P.S. has a closed-shop contract with A.F.L.'s teamsters. The argument which ensued led to a strike that last week had such wide C.I.O. support that one day an estimated 5,000 sympathizers were picketing the huge Herald Square store.

The strike was settled with an agreement which binds Macy to make up to its former employees whatever financial differentials there may be between the C.I.O. and A.F.L. contracts as long as such differentials exist, and which brings the former C.I.O. members into the teamsters under an arrangement allowing them to have representation on a high local committee and have their own shop stewards.

• **Important Precedent**—Most importantly, however, the members of Local 1 S of the C.I.O. international—Macy salespeople—who refused to go through Local 1's picket line will be paid their regular salary for the seven days they stayed out as well as will members of Local 1 A—Macy warehousemen—who struck in sympathy.

Establishing the precedent of pay for what amounts to sympathetic striking is a union victory of significance. In the future union leaders can be expected to demand that a strike be continued until an agreement is reached which includes strike pay from the employer.

Glass Contract

Negotiations are under way in tense atmosphere after union authorizes strike vote if its wage demands aren't met.

Every year for 58 years representatives of the American Flint Glass Workers Union (A.F.L.) have met with representatives of the National Assn. of manufacturers of Pressed & Blown Glassware, the latter joined in late years by the labor committee of the Glass Container Manufacturers Institute, to negotiate wage and working conditions for the union's estimated 32,000 members.

• **Strike Authority**—This year is no exception, but a tenseness surrounded the conference which got under way in Atlantic City this week, and which is scheduled to last until Sept. 1.

Echoing the action taken at the union's national convention, held in Columbus, Ohio, July 12, Harry H. Cook, international president, asked a wage increase of 25% for the 7,000 skilled craftsmen and an average 25¢-per-hour increase for the 25,000 miscellaneous worker-members of his union. In addition a two-week vacation is demanded in the present contract which expires Sept. 2.

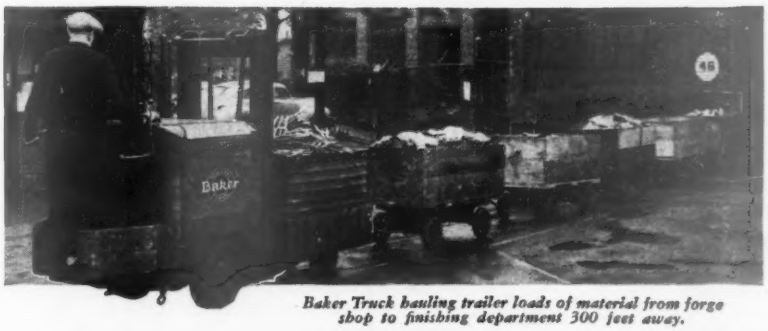
Sensing opposition on the part of the manufacturers when the wage demands were presented, the union members in a belligerent mood voted Cook authority to take a strike vote in the event the wage demands were not met.

• **About 25¢ an Hour**—Specifically the union is asking a 20¢-an-hour increase for the miscellaneous workers with a 75¢-per-hour minimum and which figures out closely to a 25¢-per-hour increase. For the skilled craftsmen a flat 25¢-an-hour increase is demanded except in the case of one small division—perfume ware cutting and smoothing—when a 25% increase is asked. In November, 1943, at the conclusion of negotiations an increase averaging 10% was given all union members.

Union members were told at their Columbus convention that the wide gulf which has always existed between the skilled and miscellaneous workers has been narrowed to a point where by July, 1947, the two groups will be combined effectively into one.

• **Settling Differences**—At present the two divisions function almost as separate unions, each having its own local officers, its own convention, and its own negotiating committee. A union committee which has been working on the unification program since 1940 asserts that all but a few minor differences have been adjusted.

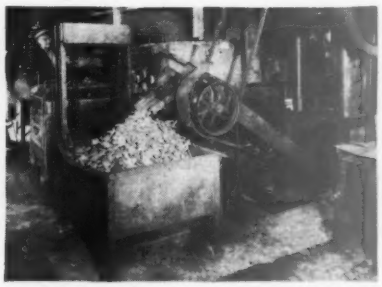
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Mine Hopes Dim

Early return of soft coal operations to private ownership seems unlikely. Court test of foreman issue is scheduled.

Prospects for early return of the soft coal mines to private operation have waned with the breakdown of government negotiations for a compromise industry-wide settlement of the foreman issue.

Instead, Ben Morcell, coal mines administrator, has signed an agreement with the United Clerical, Technical & Supervisory Employees, District 50, an affiliate of the United Mine Workers (A.F.L.), recognizing the union as bargaining agent for supervisors at four mines of Jones & Laughlin Steel Corp., but providing a procedure for possible court review. Moreell also entered into two other agreements with the union covering clerical and technical employees at mines of J.&L., and Industrial Collieries Corp., Jamestown, Pa., a subsidiary of Bethlehem Steel Corp.

• **Court Order Sought**—The contracts were effected pursuant to the May 29 strike settlement under which it was agreed that the government would be "guided" by decisions of the National Labor Relations Board, which had certified these unions as bargaining agents of the employees involved.

If the union wishes a contract for supervisory, clerical, or technical employees at other mines, it will have to petition for an election, unless the company involved agrees to recognition of the union as bargaining agent.

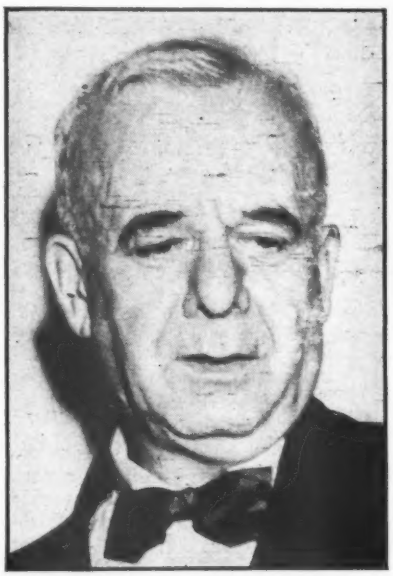
Moreell signed the agreements with U.C.T.S.E. even as counsel for J.&L. was filing a second petition in the U. S. Circuit Court of Appeals, District of Columbia, seeking to restrain such action. The corporation said it wanted to be in a position to challenge in the courts the legality of the NLRB ruling which recognizes a bargaining unit of supervisors represented by the same organization which speaks for the production workers.

• **Test Expected**—J.&L. evidently will get its opportunity to be heard in court. The government agreement requires that the union charge the corporation with refusal to bargain, which is an unfair labor practice, if it does not accept the contract. This is to be done on or after Aug. 25, within ten days after a request by Moreell. NLRB would then have to seek a compliance order from the Circuit Court of Appeals, which would bring about a court test of the board's interpretation of the Wagner Act with respect to supervisors.

There is little expectation that the mines could be released by the government until the courts acted or the operators voluntarily accepted the NLRB ruling.

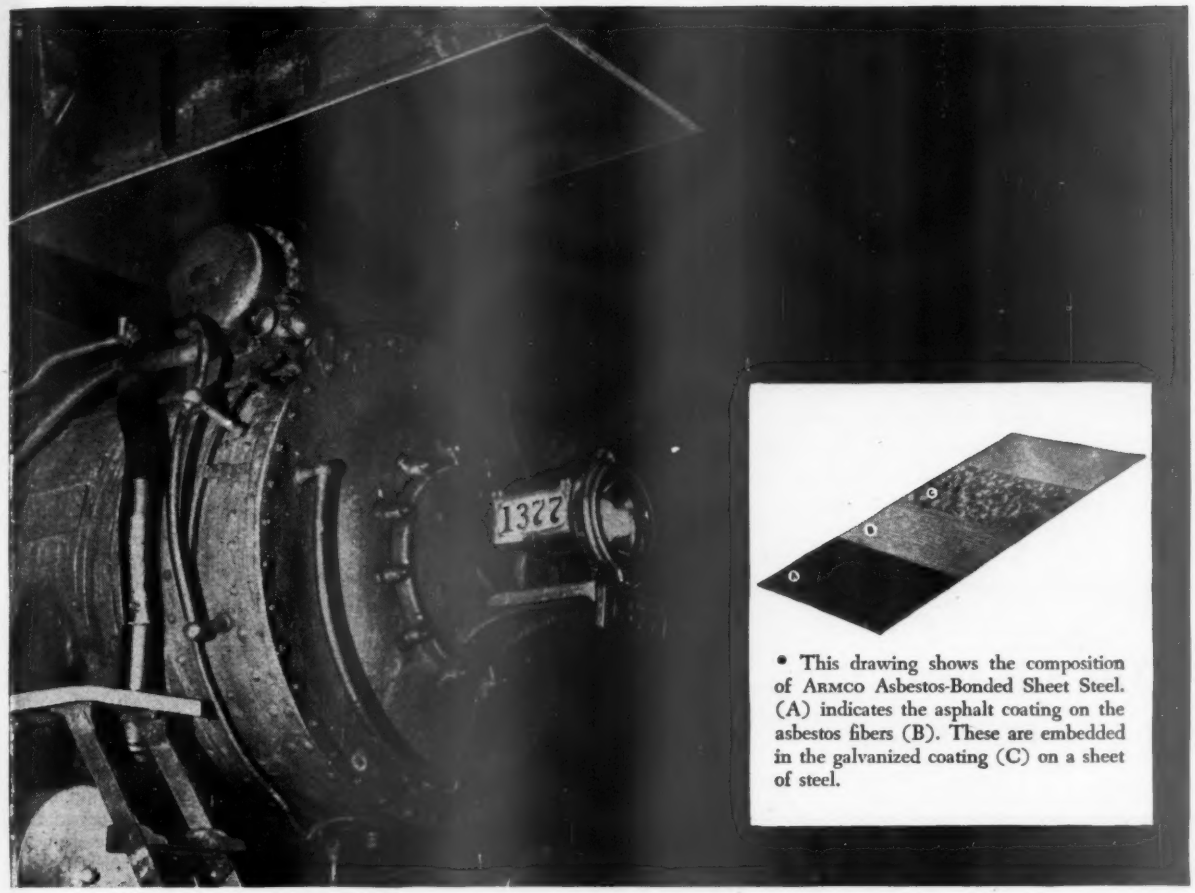
• **Benefits Extended**—The agreements contained the same $1.25-a-day increase and most of the terms of the contract signed by John L. Lewis, U.M.W. president, with the government for the bituminous miners (BW—Jun.8'46, p97), and with the operators themselves for the anthracite workers. Anthracite mines were not seized. Extension of the same wage benefits to the unorganized miners, including supervisory, clerical, and technical employees, has been approved.

Meanwhile, preliminary coal production figures for the June 1-July 15 period indicate that the collection of 5¢ a ton for the workers' welfare and retirement fund rang up $3,492,500 for soft coal miners and $270,000 for hard coal diggers.



MAN OF ACTION

Though relatively obscure outside the labor movement, Jack Kroll (above), Sidney Hillman's successor as head of the Political Action Committee, has long been a high union official with a talent for organizing. English-born, he came to the U. S. as an infant, started work in a Rochester (N. Y.) garment factory at 16. Like Jacob Potofsky, Hillman's successor as president of the Amalgamated Clothing Workers, Kroll started organizing for A.C.W., in Chicago and Cincinnati. Lately, he has been assistant chairman of P.A.C. As administrative director he'll work under a board of four young labor leaders (page 88).



• This drawing shows the composition of ARMCO Asbestos-Bonded Sheet Steel. (A) indicates the asphalt coating on the asbestos fibers (B). These are embedded in the galvanized coating (C) on a sheet of steel.

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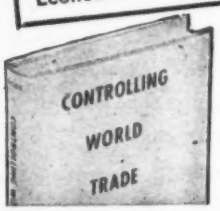
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1. International Business Agreements: Statement of the Problem
2. Cartel Policy by International Agreement
3. American Policy toward Business Agreements in Foreign Trade
4. Cartels and American Security
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Shipping Storm

Union threats to tie up all Great Lakes ports is further complication to the jurisdictional strife of maritime workers.

Growing threats of a Great Lakes shipping strike added this week to shakiness of the national maritime situation, recently disturbed by an A.F.L.-C.I.O. jurisdictional dispute and already confronted by prospects of a new wage fight on the West Coast in September.

• **Strike Scheduled**—The National Maritime Union (C.I.O.) met Monday in Cleveland with other unions operating on the lakes to further plans for a lake-wide strike tentatively set for Aug. 15. Leaders warned that despite conciliation efforts by the Dept. of Labor chances that the walkout could be averted appeared "much dimmer" as negotiations stalemated.

N.M.U. has submitted nine demands to the eleven dry-cargo carriers with which it has contracts on the lakes. Primarily it is asking that the employers' Lake Carriers Assn. negotiate a joint contract instead of acting independently (the carriers have refused to do so) and that the employers give seamen a 40-hour week when in port and a 48-hour week aboard ship instead of a present general 56-hour work-week.

• **Ports Face Paralysis**—The N.M.U.'s position is that the 56-hour week was cracked in the Committee for Maritime Unity negotiations with deep-water shipping operators last June (BW—Jun. 22'46,p83) and that the reduced work time should now be extended to lakes seamen. Operators, including United States Steel, Inland Steel, International Harvester, American Steel & Wire, and other major carriers, so far have resisted the proposal, although several have indicated counterproposals on working conditions would be advanced if the N.M.U. would agree to independent bargaining negotiations.

Principal lakes ports facing paralysis if the lake-wide strike develops include Detroit, Buffalo, Chicago, Cleveland, and Duluth. All recently felt the effects of a Canadian seamen's strike (BW—Jun.29'46,p13) which won benefits hailed as precedent-setting by N.M.U.

• **Jurisdictional Trouble**—Meanwhile, there was an armed truce on the waterfronts where A.F.L. and C.I.O. unions recently engaged in shows of strength—by A.F.L. on the East Coast where C.I.O. has a tight grip on seamen, and by C.I.O. on the West Coast where A.F.L. is the strongest seagoing outfit. The jockeying raised operators' fears that jurisdictional warfare, long ex-

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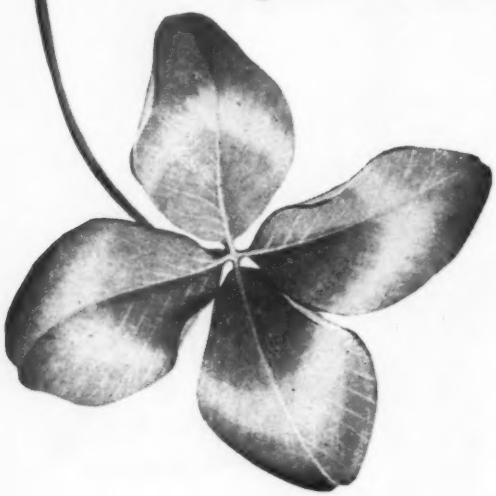
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American Optical COMPANY *Safety Division*

SOUTHBRIDGE, MASSACHUSETTS
BRANCHES IN PRINCIPAL CITIES

pected, was about to break wide open.

Actually, neither A.F.L. nor C.I.O. maritime leaders are ready for the showdown such a battle would entail. Their concern now is primarily over holding and solidifying their wartime union gains, at the same time undermining rival leaders where it is possible to do so.

• **Vessels Tied Up**—Hence, when A.F.L.'s Seamen's Union of the Pacific, a deck crew union, won jurisdiction over crewmen claimed by C.I.O. unions at Coos Bay, Ore., C.I.O. affiliates picketed Oregon docks and demonstrated that they could tie up A.F.L.-manned vessels. In retaliation, A.F.L.'s International Longshoremen's Assn. pulled members off jobs at a number of New York and other East Coast docks, to tie up C.I.O.-manned ships and demonstrate that with the present keen balance of maritime union strength a jurisdictional picket line can work equally well for both sides.

The West Coast wage fight in August and September was presaged by the announcement in June by Harry Bridges, president of the C.I.O.'s International Longshoremen's & Warehousemen's Union, that the I.L.W.U. would accept a fact-finding wage award of 22¢ an hour solely as a temporary adjustment in pay, and would demand more when negotiations on a new contract open this fall.

• **Made-to-Order Opening**—Aggravating the maritime wage situation, C.I.O. unions which participated in the C.M.U.-government agreement on a $17.50 monthly raise are miffed over a $22.50 increase granted A.F.L.'s Sailors Union of the Pacific in negotiations with management (BW—Jul.6'46,p100). N.M.U. quickly demanded the same amount.

Since the government-union negotiations referred a number of unsettled issues—notably the adjustment of wage differentials—back to ship operators and unions, N.M.U. had a made-to-order opening for injecting this new wage issue. It asked that operators recognize and eliminate the new differential between A. B. seamen on A.F.L. contract ships and those under C.I.O. agreements.

After a month of slow-moving negotiations, operators have asked for arbitration as provided as a last resort in the June settlement. N.M.U., however, has balked at arbitrating what it called the equal pay issue.

HIGGINS DISPUTE SETTLED

Issues which precipitated last year's strikes of A.F.L. metal trades workers at Higgins, Inc., shipyards in New Orleans (BW—Nov.10'45,p105), and which gave C.I.O. an opportunity to displace A.F.L. there, have been compromised amicably in a new contract

signed by Andrew J. Higgins and the C.I.O.'s Industrial Union of Marine & Shipbuilding Workers of America.

The I.U.M.S.W.A. gave in to Higgins' opposition to a closed shop—which he contended would bar jobs for many veterans—and accepted instead maintenance of membership and a checkoff of union dues. Instead of the straight two-week paid vacation which A.F.L. demanded and Higgins opposed, C.I.O.'s union signed for vacations based on length of service, ranging from five days after one year to twelve days at the end of five or more years.

The contract provides that leadermen and assistant foremen may join the union, but that foremen are to be considered a part of management and not eligible for union membership. Higgins' opposition to the discharge of satisfactory workers, under m. of m., was overcome in part by a union concession giving workers listed for discharge under m. of m. ten days in which they can apply for reinstatement.

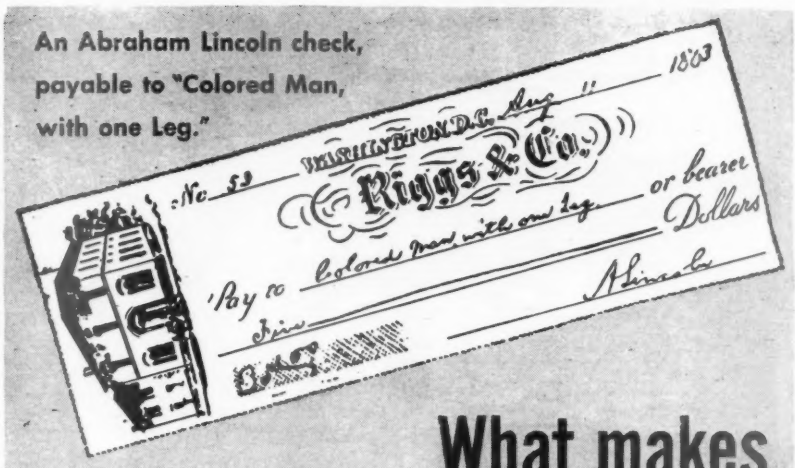
The contract includes an antidiscrimination clause and bars strikes and lockouts.

P. S.

A 23-year-old proposal for a constitutional amendment granting equal rights for women, opposed by labor unions and many women's groups who complain that it would increase women's liabilities, instead of giving them more rights (BW—Dec.29'45,p92), has been blocked for another session of Congress. Although the Senate approved the amendment, 38-35, the margin was far less than the two-thirds vote necessary to initiate a constitutional change. The bill labor wants instead, which would outlaw pay differentials for women doing the same jobs as men, has been approved in committee but is far down on the Senate agenda.

Wage increases ranging from $600 to $2,000 a year have been awarded to Transcontinental & Western Air pilots by an emergency board named under the Railway Labor Act to avert a strike of A.F.L.'s Air Line Pilots Assn. The union demanded about $19,800 annually for pilots now getting $10,000, won raises to about $12,000. The formula, expected to be applied to all major airlines, revises hourly and mileage pay rates to take high-speed flying into consideration, sets differentials for four-motor plane operation, and boosts base pay rates.

A 20-week strike of 1,800 employees of Mergenthaler Linotype Co. in New York ended when the company and United Electrical, Radio & Machine Workers (C.I.O.) agreed on an 18½¢ hourly pay boost, maintenance of membership, and revisions in vacation and holiday contract clauses.



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For years this recovery of chemicals from black liquor involved a process that was laborious, dangerous and inefficient. It presented a real challenge to engineering ingenuity. Some progress was made but, in the late 1930's, Combustion Engineering really met the challenge adequately by introducing the C-E Recovery Unit.



With this C-E equipment the black liquor is sprayed into the water-cooled furnace of a steam generating unit. It burns — and in burning releases its chemical content unimpaired. With little further treatment the recovered chemical is ready to serve again in wood pulp production. At the same time huge quantities of steam are generated for power and process by utilizing the heat that in the early recovery process was wasted to the atmosphere.

The value of the chemicals recovered in a typical mill of 100-ton capacity amounts to approximately $1000 a day. With the extra dividend in steam generated worth another $300 for each day of operation, the annual return amounts to about $400,000. A large part of this total is a net gain over early recovery practice.

It all adds up to a very attractive proposition for the many leading pulp and paper companies that are using C-E Recovery Units. A-976

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THE INTERNATIONAL OUTLOOK

Business, particularly manufacturers, will begin very soon to feel the effects of the $3,750,000,000 British loan.

•

British buying—uninformed speculation to the contrary—will commence almost immediately.

Purchases in the U. S., which barely topped $450 million in the first six months, will almost certainly run to $1 billion by the end of this year.

Insiders have also informed Business Week's London Bureau that British purchases in the U. S. will probably continue at the rate of nearly $1,100,000,000 a year through 1948, when the credit will be largely exhausted.

This is more than double the volume of U. S. exports to Britain in 1938, last full prewar year.

•

Biggest volume of orders will continue to be for foodstuffs and manufactures—with the annual rate of buying jumping from about $500 million to $560 million.

Purchases of canned fruit alone are likely to increase nearly $20-million a year.

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Largest gain in volume, however, will be in purchase of machinery.

Running now at the rate of $36 million a year, this business—with the aid of the loan—is expected to jump to more than $120 million a year.

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First demand will be for a wide variety of machine tools—including heavy presses.

Orders in this field are expected to top $16 million a year.

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Mining machinery orders—mainly equipment for the speedy modernization of the moribund coal industry (BW—Sep.1'45,p111)—will follow before the end of this year.

Volume will be big—may amount to as much as $40 million a year.

Note to equipment manufacturers: Three American mining machinery producers are expanding or starting production in Britain, with an eye on both the local market and modernization programs in British mines of all kinds throughout the Empire.

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Prodded by the government to modernize their plants or get out of business (BW—Jun.29'46,p109), progressive textile manufacturers are preparing to rush into the already overbooked U. S. equipment market for about $20 million a year of the latest machines.

Bulk of the demand will be for automatic looms and highspeed automatic winding machines for the cotton textile manufacturers, and automatic looms for the rayon section of the industry.

•

Despite the vast plans already announced for the modernization of the British steel industry (BW—Jun.15'46,p97), steel and metallurgical plant equipment orders likely to be placed in the U. S. market are not expected to amount to more than $16 million a year.

Apparently this is due to reluctance of owners to push the grandiose

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program they had planned because of their growing fear that the Labor government intends to nationalize their industry.

•

Of the raw materials likely to be featured in London's immediate buying program, lumber and cotton will top the list.

Current cotton purchases have been running at the rate of $32 million a year, or barely half the prewar level.

West Coast lumber producers may be unable immediately to meet—on top of heavy domestic consumption—an expected British demand for $30 million of lumber a year during the loan-created boom.

•

Despite widespread concern on the part of British officials over price rises in the U. S. in the face of their huge buying program, look for no early revaluation—up or down—of the pound sterling.

With bitter recollections of the problems created by premature revaluation in the 1920's, London is conscious that the disadvantages of overvaluation would be even greater now because of the country's huge debts abroad.

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All British buying will continue to be under strict government controls in order to make the loan stretch as far as possible and to make sure that it is wisely spent for essential equipment.

Imports will be rigidly licensed, with only essential goods not produced at home (or obtainable only slowly) on the allowable list.

•

All dollars will be allocated by a central government committee which will review applications from various ministries to cover their needs and the needs of the industries under their control.

Allocations are being made for six months, but they are reviewed monthly in order to provide flexibility which will allow full consideration of:

(1) Possible drastic price fluctuations in the U. S.

(2) Extent and type of reparations payments from Germany, especially in such lines as machine tools.

(3) Extent to which U. S. firms establish British branches capable of handling large orders which otherwise would need to be filled in the U. S.

•

Don't expect the Paris peace conference to come to any quick decision.

The texts of the treaties covering Romania, Bulgaria, and Hungary resemble each other only in the one principle that enemy nations are told to waive all claims on the Allies for war damages.

Beyond this, each of the Big Four has its own set of economic conditions and will battle to win majority approval at the 21-nation conference.

•

In their economic showdown with the U. S. S. R., the western powers will make their next move on Oct. 15, when they will meet in London to plan a world trade conference to be held next spring.

Australia, Belgium, Brazil, Canada, China, Cuba, Czechoslovakia, France, India, the Netherlands, New Zealand, and South Africa have definitely accepted the invitation issued by the U. S. and Britain to participate in this preliminary meeting.

Though the Soviet Union is invited, Moscow has not yet indicated whether the Russians will accept.

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BUSINESS ABROAD

British Radio Carries On

BBC's charter will be renewed for five years, with sponsors still barred. Set license fee is doubled to expand home programs, improve entertainment. Overseas service gets $16 million annually.

LONDON—British radio listeners are destined to receive more stodgy programs like those they have been getting for the last ten years.

Further, they will continue to pay for their own programs through the collection of annual license fees on their receiving sets.

And, finally, they may run into difficulty tuning in on continental stations like prewar Radio Luxembourg and Radio Normandie. These stations carried excellent programs sponsored by big British, French, and American advertisers who used this means of plugging their products in the British market, where the British Broadcasting Corp. banned all commercial programs (BW—Jul.4'36,p39).

• **No Sponsors**—All this came out when the Labor government, in mid-July, announced that it intended to renew the BBC's charter for another five years after Jan. 1, 1947, with no essential changes in the existing regulations governing administration of the station.

The present government, like its predecessors, is unmoved by recurrent agitation to allow commercial sponsorship of radio programs. Furthermore, it is opposed to any inquiry of BBC such as has preceded each renewal of its charter in the past. The government contends that BBC is in a transition period and that consideration of basic changes should be delayed for at least another year.

In a White Paper covering all aspects of future BBC policy, the government nevertheless acknowledges that Britain must do something about providing improvements in the quality of its broadcasting service.

• **Improvements**—Program hours for home consumption will probably be increased by as much as 50% before the end of the year.

The average prewar cost of each hour's program will be doubled to cover added engineering costs of home service expansion, higher artists' fees, and other operating expenses necessary to improve the standard of entertainment.

But, despite these modest gestures toward improvement in the quality of British broadcasting, the government is firm in its conviction that BBC home services should be supported exclusively by license revenue. To this end, it already has increased the license fee from $2 to $4 a year. Since latest available figures show that there are some 10,000,000 license holders, this means a gross revenue of something over $40-million a year.

• **Home Budget**—The government is willing to let the BBC use the total net revenue (after a customary deduction of 9% of gross for administration of the licensing system) for broadcasting inside Britain. Without knowing how great the increase in number of set owners will be, officials estimate that during the forthcoming charter period net revenue will support a home broadcasting budget of at least $38 million. This is about twice the prewar total, but it is also the limit to be expected unless the license fee is raised again before the charter ends.

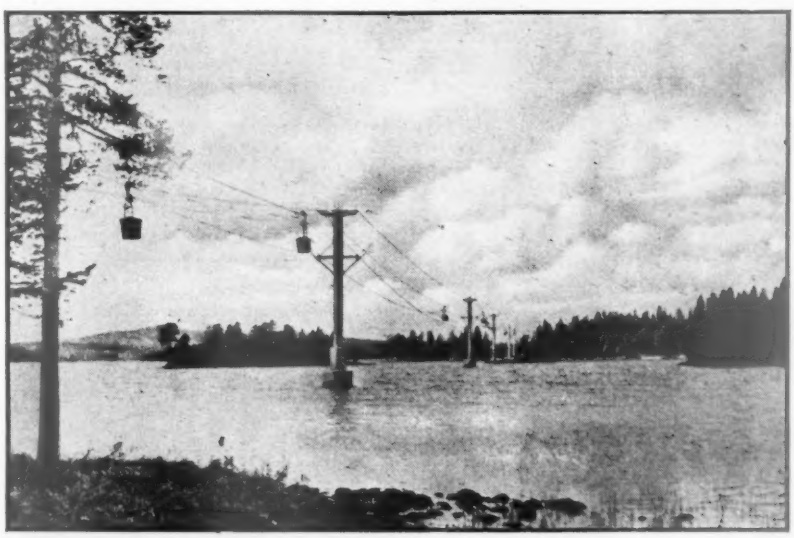
Even the new total is small in contrast with program expenditures in the United States, where talent costs alone are generally estimated to top $130 million a year.

Overseas broadcasting services, both Empire and foreign, will be supported from general taxation rather than from license fees paid by residents of the U. K. Ultimate cost to the taxpayers during the next five years is placed at $16 million annually.

• **Regional Services**—Particular emphasis is placed on the government's latest proposals for improving BBC regional services, which complement or provide an alternate to the national feature program broadcast from London. It is intended to enhance the status of the individual regional organizations with the idea of stimulating a spirit of competition among them. Efforts also will be made to tailor programs to the general character of the region and in keeping with the wishes and needs of its people.

In addition to the regular national and regional programs, a third service will be inaugurated Oct. 1. Designed chiefly for serious-minded listeners, it will carry such features as full length broadcasts of concerts, plays, and operas.

• **Noncommercial Isle**—The Labor government's readiness to keep BBC a public enterprise was a foregone conclusion. Its White Paper on the subject declares that: "The Corporation has shown no desire to use sponsored programs, and any attempt to do so, it considers, would



PRODUCTION LINES ACROSS THE WILDERNESS

In Swedish Lapland, ore-laden buckets swing over lakes, rivers, hills, on the rugged jaunt from Boliden Mining Co.'s Kristineberg mines to its copper-gold plant at Boliden, 60 miles away—on what is believed to be the world's longest wire-rope tramway. At 6 m.p.h. the 915 covered carriers move 300,000 tons a year. Cables, operated automatically, are mounted on 514 concrete columns. Built by Nordstrom Ropeway Co., the carrier has been in 24-hour-daily use since May, 1943. High initial cost has been offset by cheap operation, which permits shipment of lower-grade pyrites formerly left for waste.

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be resented by a large body of public opinion."

The government goes further by declaring that it will take all steps in its power to prevent direction of commercial broadcasts to the United Kingdom from abroad.

The government, in addition to dismissing summarily the commercial sponsorship idea, takes pains to show that the public corporation concept is distinct from pure state control of broadcasting. It defends the BBC organizational setup and its relationship to the government as providing a maximum degree of freedom for the corporation.

• **No Time for Inquiry**—Opposition to any inquiry into BBC at this time was based on the following considerations:

(1) That because BBC has operated under abnormal conditions since the outbreak of war, the existing charter has been in effect under normal conditions for only 2½ years, insufficient time in which to judge its merits and defects.

(2) That it is too early to foresee the ends to which application of war-gained knowledge of radio and television will go, and any fundamental reorganization would require taking such factors into account.

(3) That pending international agreements on wavelengths and similar technical matters also would have an important bearing on any major overhaul.

• **Probe Later**—The government felt that renewal of the charter for only a year or two would create uncertainty and embarrass the corporation's planning. The five-year renewal, instead of ten, is a compromise. It does not rule out the possibility of an investigation long before the charter expires. In fact, a probe of BBC can be expected to get under way in about a year.

Films Go Begging

Mexican movie output drops as producers and distributors argue blame for failure to book products of native studios.

MEXICO, D. F.—The 1946 output of the Mexican film industry will probably be well below that of 1945's reported 65 pictures.

The reason is not scarcity of capital but the fact that completed pictures are lying idle unable to find a market. Until the idle pictures, which represent an investment of about $5,000,000, start producing income, the Banco Cinematografic (semigovernmental investment bank serving the movie industry exclusively) will not be able to grant more credits to the particular producers concerned.

• **Imports Are Cheaper**—Raúl de Anda, chairman of the National Assn. of Film Producers, declared that some 50 Mexican pictures can find no outlet. He blamed the exhibitors who, during the war, clamored for more Mexican pictures and granted 60% of the box-office receipts to the producers (BW—Oct. 14'44,p41). De Anda said the exhibitors, now that they can again get cheaper foreign pictures, prefer them and are required to pay only 40% of receipts. Asserting that only 30% of the theaters buy Mexican pictures, he concluded that if things don't improve soon the only solution would be for the producers' association to build its own chain of theaters.

• **Poor Quality Blamed**—The exhibitors, represented by Luis R. Montes, vice-president of the Movie Industry Chamber of Mexico, denied de Anda's charges. He said there were at the most 20 "canned" Mexican pictures in existence, most of them not completely finished, and some not to be exhibited because they are too bad. He declared that first class producers (such as Clasa Films Mundiales, Filmex, Producciones México, Grovas, Panamerican Films) had not failed to find an outlet for any finished picture, and that only second-rate, financially weak producers are confronted with outlet difficulties. Montes suggested the setting up of a commission composed of one producer, one distributor, one representative of the studios, and two exhibitors to study the possibility of using these pictures in provincial towns.

• **Interest at 9%**—Banco Cinematografico loans as a rule are limited to $60,000 a picture. The bank generally advances up to 50% of pictures viewed as good risks, and 30% of "B" pictures. The first returns from rentals are earmarked for repayment of bank advances and the 9% interest.

Total transactions of the movie bank so far amount to about $5,000,000, most of it borrowed from the semi-official investment Bank, Nacional Financiera, and from the Banco Nacional de Mexico, Mexico's largest private bank. Of the unmarketed pictures, 15 were produced with the aid of the bank.



NEW BUSINESS: FROM SHELL FIRE TO SWEETS

Proverbial French thrift and ingenuity again come into play as a Deauville merchant deals out ice cream and candy from a stand which formerly dealt out shells—from enemy machine guns. The boardwalk shop is a converted Nazi bunker, built to fortify the Channel coast. Now it's taking in money from French holiday-makers—as the country reconverts to business as usual.

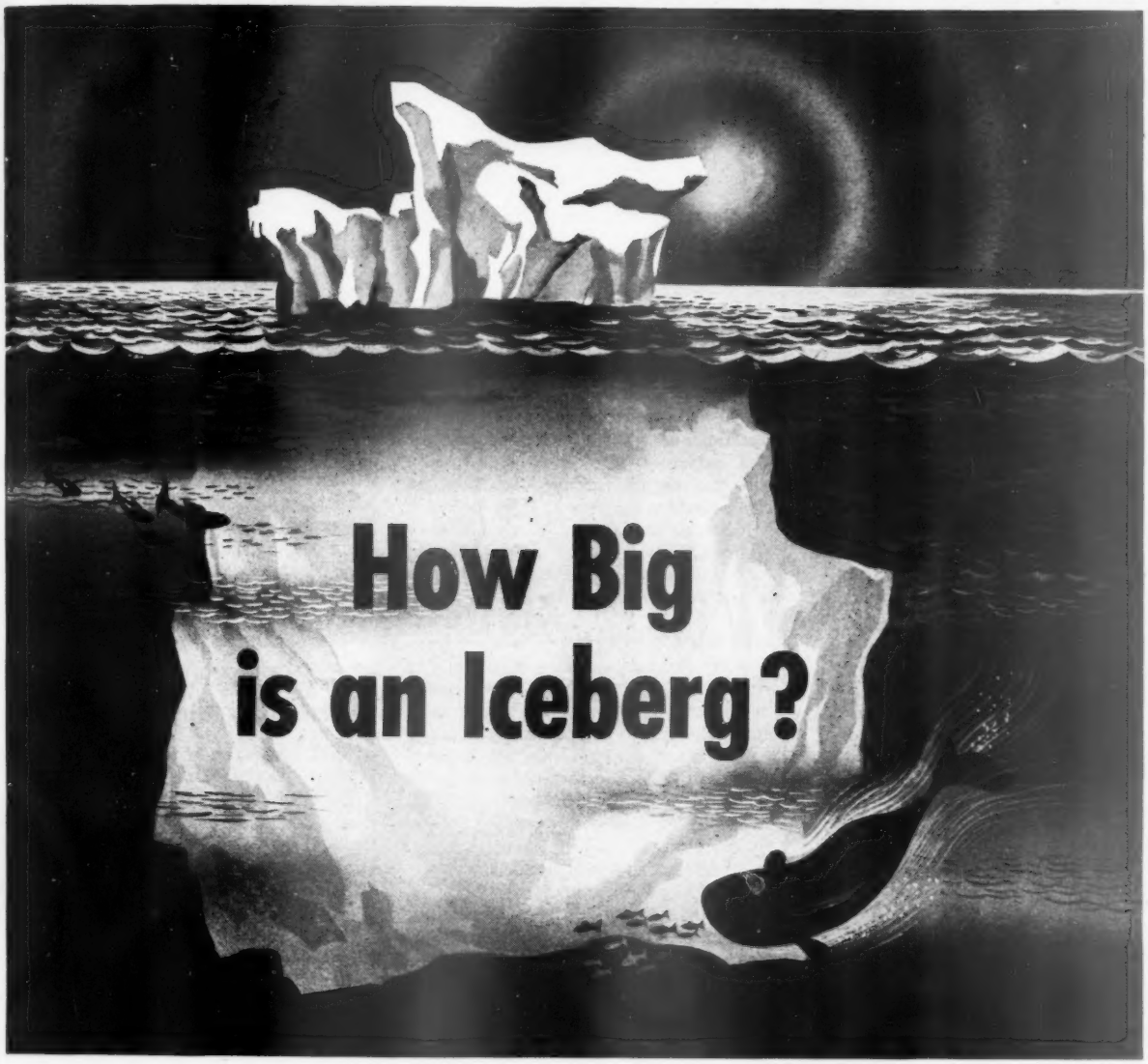
RADIOS FOR TRACTORS

The Soviet Ministry of Agriculture is embarking upon an unusual experiment in the use of two-way radio. Crimean Machine Tractor Stations have received 150 portable radio installations for the use of tractor brigades.

Mechanized Soviet agriculture is served by brigades from central "tractor parks," and with two-way radio the brigades will be in constant communication with headquarters. Eleven Crimean tractor stations are to be equipped experimentally and a special one-month training course for radio operators is being opened at Simferopol.

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WHAT EVERY BUSINESSMAN SHOULD KNOW ABOUT HIS PARTNER—THE RAILROADS



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...and it's that way with some transportation costs.

It's impossible, for instance, to tell exactly how big real transportation costs are by air or water or intercity truck. A big part of the cost is hidden below the surface.

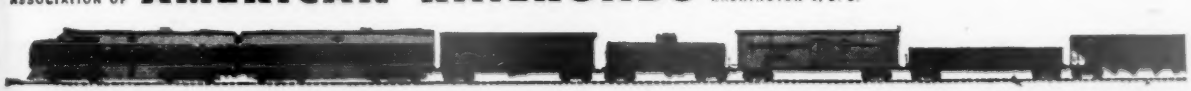
These hidden additions to your transportation bills are paid by you in the increased taxes made necessary when the private business of commercial transportation uses publicly constructed and maintained airways, waterways, and highways, *without paying adequate compensation.*

But there is no such uncertainty about final costs of rail transportation. The freight bill tells the whole story, for railroads pay all their own costs. They build and maintain the roadways on which they run—and they pay taxes which help to support all sorts of public services.

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CANADA

Co-op Proposal

Canadian government tries to satisfy taxpayers' demands for more stringent regulation yet not cripple cooperatives.

OTTAWA—Like the United States, Canada is busily trying to protect co-operatives from stringent tax regulations proposed by private business (BW—Apr. 27'46,p74). It's a ticklish situation in which the government can't ignore the just demands of established commerce and industry, yet doesn't want to see the cooperatives crippled. Latest development is a proposal by Finance Minister J. L. Ilsley to clarify Canada's ambiguous tax laws and, incidentally, to put Canadian co-ops on about the same tax footing as their U. S. colleagues.

• **Co-ops Go to Court**—Canadian businessmen—through the Income Tax Payers' Assn.—long have complained that co-ops don't pay taxes on the dividends they refund to patrons. After the uproar reached appreciable proportions, Canadian tax authorities poked into the affairs of prairie wheat pools and decided that they did not qualify for exemptions under existing laws.

An assessment was made, but the co-ops fought back in court. Pending a decision the government is seeking a tax compromise that would head off future troubles and straighten out the present litigation.

• **Five-Point Plan**—The suggested compromise proposes that:

(1) Patronage dividends should not be taxable when distributed in reasonable amounts (though the recipients of the money will have to pay income taxes on their respective shares). This ruling will apply alike to co-ops and private business—that is, any private company (a grain elevator firm, for example) that makes refunds to customers to compete with the co-ops will not be taxed on such refunds.

(2) Monies retained by the co-ops as additions to reserves or for payment of capital stock dividends are taxable.

(3) Credit unions and associations of credit unions are tax exempt.

(4) New co-ops are not to be taxed for the first three years.

(5) Co-ops must pay dividends (on a volume basis) to nonmembers as well as members.

(6) Because tax regulations have been so murky in the past, co-ops will not be asked to pay taxes on business years prior to 1942 if they believed themselves exempt, in good faith. On subsequent years, taxes will be levied only to the extent that the co-ops had notice of a liability.

• **Arguments Continue**—Despite the government's attempts to quiet the ruckus, nobody seems willing to stop complaining.

The Income Tax Payers' Assn. is especially irked that patronage dividends continue to be largely exempt, and additionally is irritated at the three-year tax vacation promised to new co-ops.

For their part, the co-ops are complaining that the government is trying too hard to appease private business. A specific sore point in the proposed legislation is classification of nonmembers on the same footing as members so far as patronage dividends are concerned.

It's now up to Parliament to decide whether Ilsley's remedies should be adopted as is, or whether something more soothing is possible.

Steel Deadlock

Parliament digs into cause of strike that shuts down whole industry. All three companies asked to meet with union head.

OTTAWA—Parliament's intervention in the deadlocked Canadian steel strike (BW—Jul.20'46,p112) has caused a review of the whole structure of wage and labor relations legislation in the Dominion.

As officials of the three basic steel companies and of the United Steelworkers of America (C.I.O.) appeared before a committee of the House of Commons for examination, two of the plants were completely tied up and the third was operating on a partial basis behind an almost airtight picket line.

• **Uniform Wage Issue**—Companies involved are the Steel Co. of Canada, at Hamilton; Algoma Steel Corp., at Sault Ste. Marie; and Dominion Steel & Coal Corp., at Sydney, N. S.

Issues were complicated when the government's last-minute seizure of the plants failed to avert the strike which was called to enforce demands for a uniform wage schedule in all three plants based on a minimum of $33.60 for a 40-hr. week. This involves an increase of 19½¢ an hour at Stelco and Algoma and a somewhat higher increase at Dosco, where rates run 4½¢ an hour lower.

It was the first time the whole Canadian basic steel industry had been tied up at once.

• **Bid for Time**—At Hamilton, nonstriking workers and company officials are besieged in Stelco's big waterfront

works, eating and sleeping inside the picket line.

The government seized the industry in order to secure more time for negotiation. Although there is a legal penalty of $20 a day for each day an employee declines to carry out his normal duties, the strike went ahead.

Just as the government was confronted with a decision on what to do with 14,000 technical lawbreakers, members of Parliament demanded that the strike question be referred to the House of Commons Industrial Relations Committee. The government quickly agreed.

• **One-Way Increase**—Testimony of C. H. Millard, Canadian vice-president of the steelworkers, brought out the relationship between the Dominion dispute and recent wage and price increases in the U. S.

Canadian steel producers got a $5-a-ton price increase, as did American, but granted no wage increase corresponding to the 18½¢ boost on which the U. S. steel dispute was settled.

Millard said that the union had been assured by Prices Board Chairman Donald Gordon that the price increase was granted in anticipation of a wage increase, but that the steel companies declined to consider a pay rise.

• **Joint Conference**—The committee's first important decision was to give Millard a chance to bargain with all three companies at once. The committee decided to ask officials of the companies to meet with the union in Ottawa.

Economic consequences of the strike promised to be serious. Steel-users' inventories were low as a result of the U. S. steel strike. Steel plant coke ovens, recently ordered to produce to capacity to increase Canada's shortened domestic fuel supplies, were cold.

NEWSPRINT PRICE RISING

All Canadian newsprint companies are expected shortly to increase their price to American customers by $12 per ton or more.

Prior to the suspension of OPA it was expected that an increase of around that amount would be authorized by Washington. Since then action by the producers has not been uniform. Several increased the price by $6.80 a ton following the restoration of the Canadian dollar to parity. The $6.80 increase compensates for the loss occasioned by parity of the Canadian and U. S. dollar but is not regarded as meeting increased production costs.

The situation appears to be that all companies are waiting to see whether ceilings are restored in the United States. If the ceiling is restored, they expect that an increase will be granted. If it is not restored, they will likely raise their prices.

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THE MARKETS

(FINANCE SECTION—PAGE 60)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	167.3	172.7	173.5	139.6
Railroad	59.5	62.8	64.8	54.6
Utility	87.0	89.6	92.5	70.3
Bonds				
Industrial	122.9	123.7	123.9	122.0
Railroad	118.4	118.5	118.7	115.0
Utility	115.1	114.9	115.9	116.2

Data: Standard & Poor's Corp.

Markets Break Badly

Tuesday of this week saw another sudden, violent assault on stock market values. Before this attack ceased a virtual avalanche of selling orders had not only produced one of this year's sharpest price upsets on the New York Stock Exchange but also in only 60 minutes had generated almost as much trading activity as the Big Board had experienced in Monday's entire five-hour session.

● **Started in Motors**—Stocks, however, weren't the only sufferers. Big Board bond trading, for example, rose on Tuesday to its highest levels in some time, and new 1946 lows were recorded by a number of the more speculative issues. Chicago's grain markets likewise disclosed good-sized price tumbles, and cotton futures declined sharply under the impact of heavy sell orders.

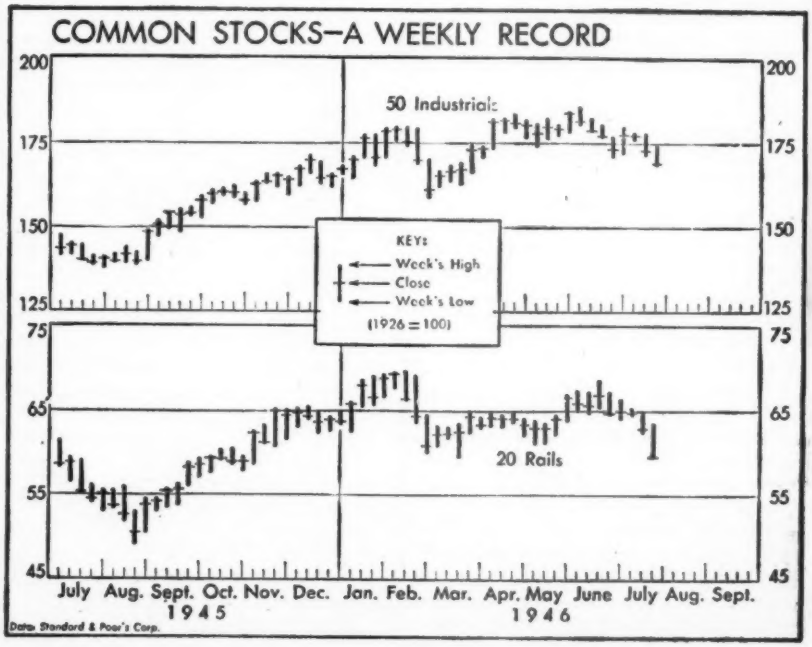
Touching off Tuesday's wave of liquidation was a sudden softening of the motor shares. This rapidly spread into the steel stocks, which for some time had been acting in a better-than-average fashion (box, page 111), and apparently the weakness in those two groups was one of the straws that finally broke the camel's back.

● **Flood of Selling**—Playing its part, however, was the disclosure that the weakness evidenced in the first hour of trading on Tuesday had taken the Dow-Jones industrial average below the 200 mark, a so-called "resistance point," for the first time since April when stocks were rallying from 1946 lows earlier registered in the disastrous "Bowles market" sell-off (BW—Mar.2'46,p110).

In any event, soon after the second hour of trading had started, and almost as though a signal had been given, selling orders began flooding in. Before long the high-speed stock trading tickers were actually reporting trades as much as two minutes behind their floor execution. And not for twenty minutes were the tickers able to catch up again with floor transactions.

● **Many New Lows**—Before the day was over the market had to absorb some additional though less potent waves of selling. As a result, almost 90% of all the issues changing hands that day showed minus signs when the gong closed Tuesday's trading. Losses were so heavy that 213 new 1946 lows were registered.

In the steel group Bethlehem tumbled $5.50 and Eastern Stainless Steel nose-dived $7 lower. United States Steel, off $4.25 at one time, was down $3.75 at the finish, and Youngstown



How Stocks Have Slumped

Investors and traders can't say that this week's sharp decline in prices descended upon them without any prior warnings. For almost two months now, contrary to the usual seasonal trend, persistent price weakness has been evidenced in most New York Stock Exchange daily trading proceedings. Take a look below, for instance, at the losses since May disclosed in a cross-section of Barron's Group Stock Averages just before this week's sell-off sent them even further downward.

	July 18, 1946, Averages vs.	
Stock Groups	*May 31, 1946*	*1946 high*
Air transport	— 9.6%	—20.7%*
Aircraft mfg.	— 6.0	—15.4
Automobiles	—11.1	—12.7*
Automobile equip.	—16.3	—16.3*
Bldg. materials and equip	— 9.3	— 9.3
Chemicals	— 7.1	— 7.1
Drugs	— 9.9	—12.0
Drygoods chains	—12.3	—12.3
Electrical equip.	— 9.5	—12.8*
Farm equip.	— 8.2	— 8.7
Grocery chains	—10.7	—10.7
Liquor	+ 8.1	— 2.7
Machinery (heavy)	— 9.1	— 9.1
Motion pictures	— 8.9	—14.9
Oil	— 1.9	— 1.9
Packing	— 2.5	— 6.7
Railroad equip.	— 8.9	— 9.9
Rubber	— 5.5	—11.1
Steel and iron	+ 1.5	— 1.3
Textiles	— 6.5	— 7.3
Tobacco	— 6.3	— 7.9
Dow-Jones industrials	— 8.0	— 8.0‡
Dow-Jones rails	—11.5	—12.1‡
Dow-Jones utilities	— 9.0	— 9.0‡

** July 18 level represents new 1946 low for group.*
‡ Represents July 23 level.

was off $4.75, following an earlier drop of over $6. Nor did the motor shares fare much better. Chrysler lost over $3 and General Motors sank $2.25 to a new 1946 low.

Badly hit, as well, were other industrial better-grade issues. Johns-Manville, for example, suffered a loss of around $6.50, du Pont $6, Dow Chemical $6.75, Goodyear $4.50, Allied Chemical $3, Eastman Kodak $4, and United States Rubber $3.50. The liquor stocks were another group to break badly. American Distilling dropped back $6.50, and Hiram Walker was off almost as much.

• **Rails Off Badly**—Particularly weak were the rail shares. Showing the way was Atchison common with a loss of $5.75. Losses of above $3 were revealed by such recent market leaders as Great Northern, Chesapeake & Ohio, Louisville & Nashville, Southern, and Southern Pacific, and when trading ended Tuesday the D-J rail stock index had plummeted to a new 1946 low.

Watchman, What of the Night?

As usual, Wall Street can dredge up any number of reasons to account for the price weakness uncovered.

Causing much of the trouble, as Wall Streeters see the picture, was a growing feeling among traders and investors at midweek that OPA controls in one form or another would soon begin again to be felt in business.

• **No Confidence**—Wall Street insists, moreover, that the worries of stock market participants over this point are not primarily due to any inherent disapproval of price control in principle. They say, instead, that today's OPA uncertainties are due more to a vote of nonconfidence in that agency's leadership.

Causing additional uncertainties has been a growing realization that "new money" stock issues have been reaching the market at far too fast and furious a pace lately.

• **Symptoms**—In fact, after pooh-poohing earlier fears (BW—Jun.29'46,p52) that such a condition might be developing, most Wall Streeters now admit that the new issues market is showing definite signs of indigestion. This illness has not yet reached the serious stage. More and more offering syndicates, however, have been hung up lately with substantial amounts of unsold stock, and this situation, according to rumor, is causing a good deal of uneasiness.

It is now realized, also, that much free cash that otherwise might have gone into the stock market in recent months has been finding its way into the new issues market in the hope of easy pickings. Many of the late participants in that field, however, have found few gravy-trains to ride. The fast sellers haven't been numerous lately, and many recent buyers must now find themselves fairly well frozen in, since out of a group of 83 new stock issues, well over 50% are now selling considerably under their original offering prices.

• **Slow Rebound**—Another factor which may well be having an effect on stock market sentiment is the recent stiffening noticeable in money rates (BW—Jul.20'46,p76).

Whether the stock market will experience further sell-offs before the underlying causes of the recent weakness have been corrected remains to be seen. However, Wednesday of this week saw stocks able to rally only slightly from the lows they reached Tuesday and showing no signs of any real underlying strength. It was noticeable, too, that many statistical organizations were suggesting that their clients remain at least temporarily on the sidelines.



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THE TREND

MISAPPREHENSION ABOUT SAVINGS

Our correspondence indicates that there is widespread misapprehension about the significance of the survey of savings recently completed for the governors of the Federal Reserve Board. The misapprehension is that the survey showed that the savings are so concentrated in the hands of the wealthy, who are under no particular pressure to spend them, that they constitute a relatively inconsequential inflationary potential.

• **This is the sort of misunderstanding** which might make an important and even a decisive contribution to the further bungling of what will remain for some time to come our No. 1 national economic problem, the combating of inflation. Consequently, we urge those officially connected with the survey to take every possible occasion to scotch this misapprehension. By way of encouragement we hereby make our contribution to that process.

Where the misunderstanding of the significance of the findings of the savings survey originated is not far to seek. The opening paragraph of the first part of a three-part report of the savings survey, being issued seriatim, reads:

> The personal holdings in U. S. savings bonds and bank deposits—representing the wartime savings of individuals—are concentrated in a relatively small segment of the population. Ten percent of the spending units in the United States—the 10% that individually own the largest amounts—own 60% of these liquid assets. A quarter of the spending units own no bonds or bank deposits at all, and another quarter own only 3% of the aggregate personal holdings in these forms.

Apparently that is about as far in the report of the survey as a lot of people read, and from that take-off they then jumped to the conclusion that wartime savings are so concentrated in the hands of those who already have lots of them, and hence are not likely to convert them into goods quickly, that all this talk about a tremendous backlog of savings as an inflationary potential is illusory. One of our correspondents who, after reading the report of the survey, wrote "that huge backlog 'just ain't' " expressed succinctly the impression of the results of the survey gained by many others.

• **The fact is, however,** that the backlog of wartime savings is so great that, granted the concentration which the first survey report featured, the volume of savings held by people of moderate means is still enormous and, in the nature of the case, a major inflationary potential. This fact could be discerned by a very careful reading of the first savings survey report and was flagged by a Business Week analysis of that report (BW—Jun.29'46, p36).

In the second part of the survey report, dealing with the "Relation of Saving and Holdings to Income," the formidable bulk of the savings of moderate income groups is now clearly disclosed. This part of the report shows that, of the total of liquid assets of individuals, 43% are held by "spending units" (all persons in a household who depend on a common or pooled income for their major expenses) with incomes from $2,000 to $5,000.

• **The survey total** of liquid assets (defined as holdings of government bonds, savings accounts, and checking accounts, but excluding currency holdings) is $81 billion. An estimate made by the Federal Reserve Board comes to $108 billion. The difference reflects different statistical techniques, with the true total perhaps lying halfway between, or at about $92 billion. When the total $21-billion of currency, excluded from the survey, is added, the aggregate of liquid assets comes out at about $113-billion. The distribution of these savings is indicated in some detail by the following table (assets in billions of dollars):

INCOMES AND SAVINGS

Income Bracket	*Proportion of Spending Units*	*% of Total Liquid Assets Held*	*Liquid Assets Held**	*Liquid Assets Held†*
$ 0– 999	20%	7%	$5.7	$7.9
1000–1999	27	14	11.3	15.8
2000–2999	23	17	13.8	19.2
3000–3999	15	16	13.0	18.1
4000–4999	7	10	8.1	11.3
5000–7499	5	13	10.5	14.7
7500–and over	3	23	18.6	26.0
All spending units	100%	100%	$81.0	$113.0

* *Estimate No. 1.* † *Estimate No. 2.*

From this table it is clear that "spending units" with annual incomes between $2,000 and $5,000 have about $35 billion in liquid assets covered by the survey, and almost $50 billion of a truer total. With $50 billion, or even $35 billion, it would be possible to purchase the entire output of the country for several months, at present prices. This chunk of savings is held by people whose income situation can be presumed to make their savings relatively volatile. When, and how these savings are converted into goods and services can have a major bearing on the further course of inflation.

• **What those holding savings** intend to do with them will be the subject of the third and final part of the savings survey, to be issued early next month. This is, of course, the $64 question and one for which the constantly changing answer should be sought by a continuing survey, so long as what is being done and going to be done with the backlog of savings has such a major bearing on our economic course.

In the meantime don't follow those legions who leaped to the conclusion that there is nothing much in this savings backlog. They leaped in the dark.

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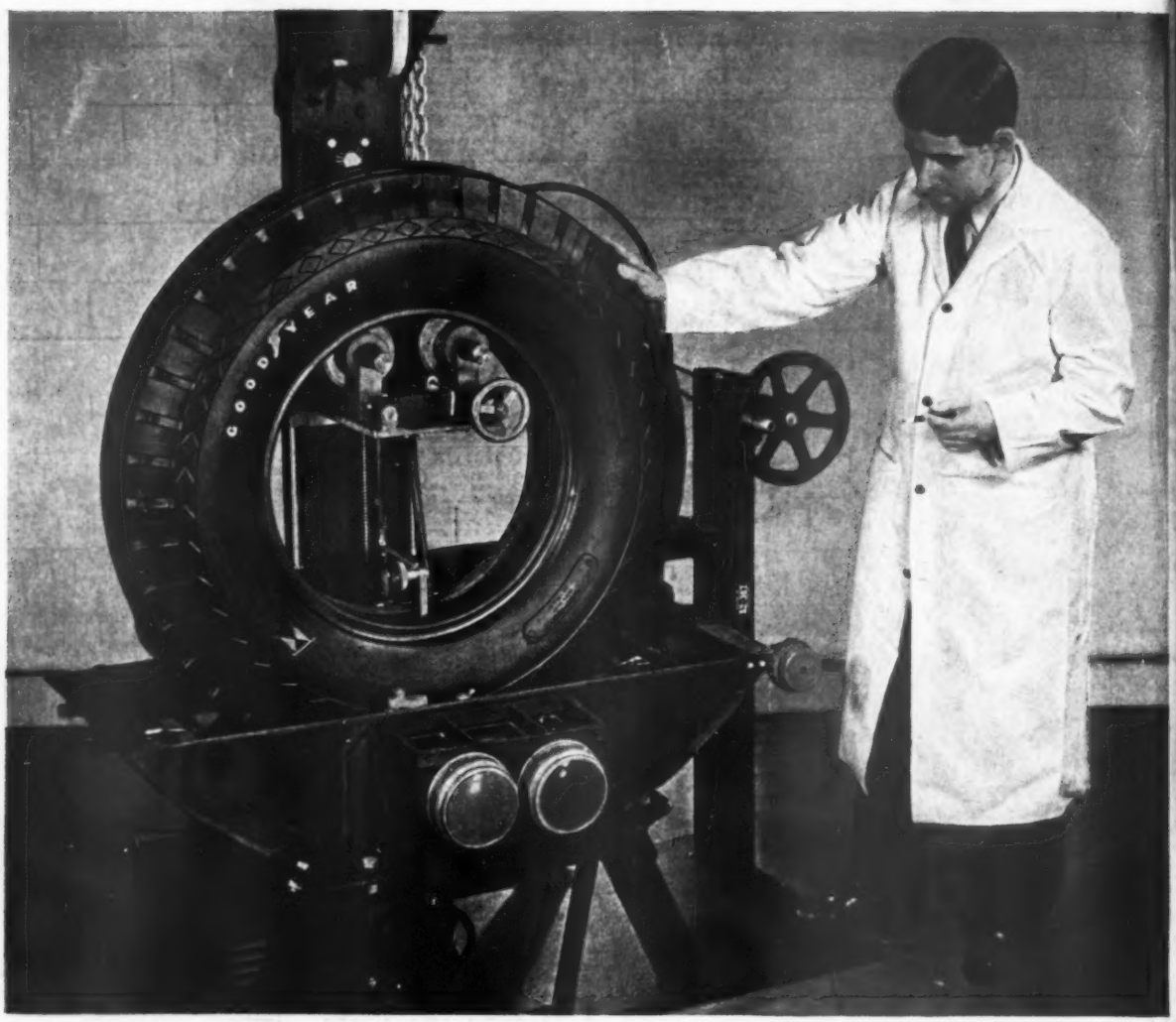
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